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NSAA

NATIONAL SKI AREAS ASSOCIATION

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by
C. R. Goeldner and Ted Farwell

Business Research Division
Graduate School of Business Administration
University of Colorado
Boulder, Colorado

Price Per Copy - $40.00

Additional copies may be ordered from:

Business Research Division
University of Colorado
Boulder, Colorado 80309

ISBN No. 0 - 89478 - 058 - 1

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Graduate School of Business Administration
University of Colorado
Boulder, Colorado 80309

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS
1980-81

EXECUTIVE SUMMARY

This 1980-81 survey is the thirteenth economic report to the ski industry. The data represent ski areas possessing approximately 50 percent of the ski area capacity of the nation. If the balance of the areas had similar experiences, the ski industry accommodated 36 million skier visits, processed gross revenues of $756 million, and provided payrolls of $174 million.

This report follows the format of the previous reports to increase comparability and standardize measurements.

Response

The 1980-81 survey is based on complete and detailed financial data from 121 ski areas, an 8 percent decrease from the 1979-80 study.

Profitability

The ski industry recorded an average 5.5 percent operating profit (profit before income tax and interest expense) as a return on Gross Fixed Assets, down substantially from the 12.1 percent in 1979-80, the 13.8 percent in 1978-79 and 16.2 percent in 1977-78. Only 61 percent of the respondents reported operating profits. The average before tax profit was $111,702.

Utilization

Utilization was down to 42.0 percent. Equivalent days/nights of operation were down substantially to 98.

Revenue

Average revenue per skier-visit increased 15.3 percent to $12.59. Average total revenue was up 4.5 percent to $2,220.000. This gain was attributable to a large increase in Real Estate receipts.

Average adult weekend ski lift ticket prices were up 14.6 percent to $13.81.

Expenses

Cash operating costs averaged $4.40 per skier capacity per equivalent operating day/night. This critical measure is again up 21 percent from the $3.63 of 1979-80.

Highlights At a Glance

	1980-81 Respondents (000)	By Profitability: Top Half (000)	By Profitability: Bottom Half (000)	By Profitability: Loss (000)
Gross Fixed Assets	$5,543	$7,411	$6,220	$3,540
Total Gross Revenue	3,155	5,486	3,428	1,105
Less: Operating Expenses	2,848	4,316	3,148	1,456
Operating Profit (Loss)	307	1,170	280	(351)
Less: Interest	195	209	248	143
Profit (Loss) Before Tax	$ 112	$ 961	$ 32	($ 494)
Number of Respondents	(121)	(37)	(37)	(47)

Summary

The 1980-81 season was again plagued by low snowfall all across North America. Results, however, reflect the age of snowmaking, as the industry did show a slight profit in spite of recording only 98 equivalent days/nights of operation.

For the second year in a row the East and Ontario areas showed strength as they recorded an 11.8 percent operating profit on gross fixed assets, the highest regional average. New England areas recorded an average 6.0 percent operating profit on gross fixed assets, bouncing back from the loss position of 1979-80. The Midwest areas continue to record slight operating profits but interest charges again place them in a net loss position.

The ski areas in the Rockies dropped precipitously but still managed slight profits. California/Nevada areas recovered nicely from a disastrous start to record a 9.5 percent operating profit on gross fixed assets, the second best regional showing. The Pacific Northwest areas show the most radical swing as a 31.5 percent profit (BT) on equity in 1979-80 changed to a 21.6 percent loss in 1980-81.

The low snow season of 1980-81 has dropped the five year average profitability, based on the measure operating profits on gross fixed assets, to 9.6 percent.

THE SKI AREA DOLLAR

Table A and the following pie chart illustrate the sources and uses of the ski area customer's dollar for the 1980-81 season.

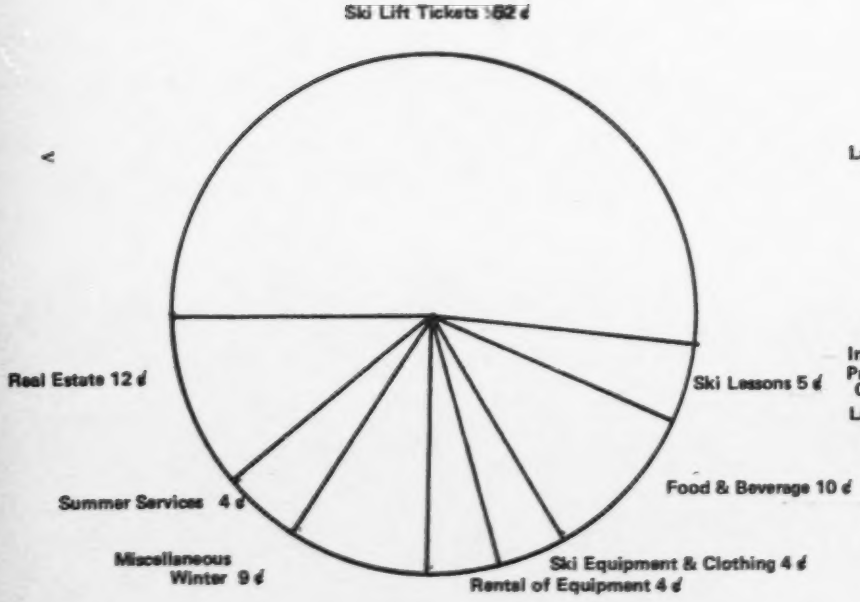
TABLE A

THE SKI AREA DOLLAR

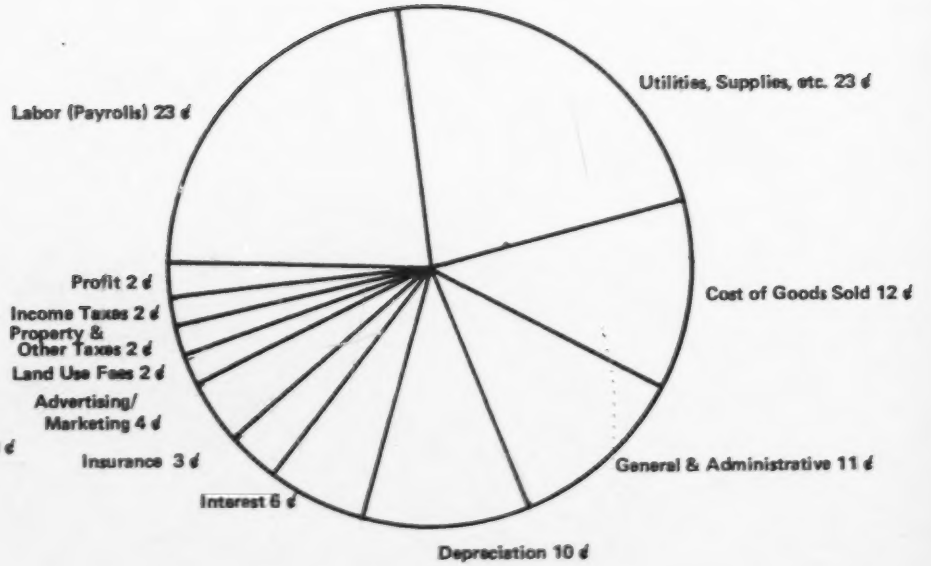
	1976-77 Season	1977-78 Season	1978-79 Season	1979-80 Season	1980-81 Season
What It Buys					
Ski Lift Tickets	$0.54	$0.58	$0.58	$0.58	$0.52
Ski Lessons	.06	.07	.06	.06	.05
Food and Beverages	.12	.11	.12	.11	.10
Ski Equipment and Clothing	.06	.05	.04	.04	.04
Rental of Equipment	.05	.05	.05	.04	.04
Miscellaneous (Winter)	.05	.04	.04	.05	.09
Summer Services	.07	.06	.05	.06	.04
Real Estate	.05	.04	.06	.06	.12
	$1.00	$1.00	$1.00	$1.00	$1.00
What It Pays For					
Labor (Payrolls)	$0.28	$0.23	$0.24	$0.25	$0.23
Utilities, Supplies, Maintenance, etc.	.17	.16	.16	.17	.23
Cost of Goods Sold	.11	.11	.12	.10	.12
General and Administrative	.16	.11	.11	.10	.11
Depreciation	.12	.08	.08	.09	.10
Interest	.08	.05	.04	.06	.06
Insurance	.05	.03	.04	.03	.03
Advertising/Marketing	.05	.03	.03	.04	.04
Land Use Fees	.01	.02	.02	.02	.02
Property and Other Taxes	.02	.02	.02	.02	.02
Income Taxes (50%)	-	.08	.07	.06	.02
Profit (50%)	(.05)	.08	.07	.06	.02
	$1.00	$1.00	$1.00	$1.00	$1.00

THE SKI AREA DOLLAR
1980/81

What It Buys


Ski Lift Tickets 32 ¢
Ski Lessons 5 ¢
Food & Beverage 10 ¢
Ski Equipment & Clothing 4 ¢
Rental of Equipment 4 ¢
Miscellaneous Winter 9 ¢
Summer Services 4 ¢
Real Estate 12 ¢

What It Pays For


Utilities, Supplies, etc. 23 ¢
Labor (Payrolls) 23 ¢
Profit 2 ¢
Income Taxes 2 ¢
Property & Other Taxes 2 ¢
Land Use Fees 2 ¢
Advertising/ Marketing 4 ¢
Insurance 3 ¢
Interest 6 ¢
Depreciation 10 ¢
General & Administrative 11 ¢
Cost of Goods Sold 12 ¢

COMMENTS FROM AROUND THE COUNTRY

NATIONAL SKI AREAS ASSOCIATION
Cal Conniff, President

The 1980-81 season will be remembered as the season of frustration. Below average snowfall, an erratic weather pattern, and a press that led the public to believe there just wasn't any snow at all plagued ski area operators from coast to coast.

It was the ski areas in the Southeast that once again were the exception with excellent snow cover and correspondingly good business. In all other regions where snowfall was sparse there were a few ski areas that indeed did well. In every case there were areas with very large efficient snowmaking systems that have established a reputation for making plenty of good snow when the natural flakes are in short supply. As a result of this ski areas have invested close to $40 million in new and expanded snowmaking systems in preparation for the 1981-82 season to further "weatherproof their operations."

Compared with the 1979-80 season, skier day counts were down 17.6 percent nationally. Regionally this comparison is as follows: Northeast, +22 percent; Southeast, +8.9 percent; Midwest, -7.7 percent; Rocky Mountain, -33.3 percent; Far West, -18.4 percent; Pacific Northwest, -34.8 percent and Alaska, -12.3 percent. Despite a less than desirable season the ski area industry still invested $177 million in on-mountain improvements for the 1981-82 season.

I'm still convinced that despite a sluggish economy ski areas will do well when they have good snow and favorable winter weather conditions. But skiers may well become even more discriminating of when and where they spend their dollars and it behooves every ski area operator to provide top quality services to their customers.

VERMONT
George Donovan, Chief of Research, Division of Research and Statistics, Agency of Development and Community Affairs, Montpelier, Vermont.

The season got off to a good start in December which was followed by a strong January. Rain and warm weather caused a major drop in attendance over the February 23-24 weekend but March was one of the heaviest on record. Snowmaking equipment was a major factor in keeping areas operating through this season of less than average natural snowfall. The total number of skier visits (alpine) is estimated at 3.1 million, some 48 percent more than for the 1979-80 season.

Corresponding skier expenditures are estimated at $120 million compared to $84 million a year ago. Out-of-Staters spent about $43 per day each, stayed an average of 3½ days, and averaged 3 persons per trip.

The following details attendance and expenditures.

Season	Estimated Annual Skier Expenditures	Estimated Skier-Visits	Average Expend. per Skier-Visit
1976-77	$ 80,000,000	3,000,000	$26.70
1977-78	115,000,000	3,600,000	32.00
1978-79	109,000,000	3,200,000	34.00
1979-80	84,000,000	2,100,000	40.00
1980-81	120,000,000	3,100,000	39.00
Vermonters	8,000,000	500,000	15.00
Out-of-Staters	112,000,000	2,600,000	43.00

SKI AREAS OF NEW YORK, INC.
Frank W. Schneider, Executive Director

The 1980-81 season in New York State started off as though nature was going to apologize to the ski areas in our state for the previous "brown" season with its unbelievable snow drought. Cold weather in early December coupled with natural snow enabled the majority of the state's areas to open in early December. By the 18th of December over 40 areas were open full blast and doing a great business. Christmas week looked like it was going to set records but the ever capricious Mother Nature had another surprise in store. With great snow on the ground, a period of subzero weather set in for about 10 days and kept many skiers off the slopes during the period which should have been the best part of the season.

Then things settled back to normal with a period of great snowmaking weather and great skiing until the rain came about the 15th of February. Torrential rains and temperatures from the 50 to 70 degree range the rest of February and early March brought one of the shortest seasons ever to an abrupt close. A few areas were able to reopen the end of February and continue operations until mid-March. But even at these areas it was difficult to convince skiers that there really was good skiing.

It's hard to classify the 1980-81 season. It cannot be called a bad season nor can it be called a good season. It all depends on which area you talk with. There were areas who ended the year breaking even and areas which showed a profit. Unfortunately there were also some small areas who sustained substantial losses. Fortunately, only 3 or 4 areas were forced out-of-business and will discontinue operating.

One thing that came out of the season was a feeling of optimism for the future. The number of areas who are expanding snowmaking, increasing lift capacity, building new trails, expanding lodge and eating facilities and coming out with new marketing ideas promises more and better skiing for the coming season in New York State. Our areas have learned the secret of "rolling with the punches" and coming back stronger than ever.

SOUTHEASTERN SKI AREAS ASSOCIATION
M. G. Dearborn, President

For the most part, the southeastern ski areas racked up their best season to date in back of a record 1979-80 season. Although snowfall was not in record amounts, early season cold temperatures provided for excellent snowmaking conditions, and in spite of a February thaw that caused some areas to close, most were able to take advantage of heavy March snowfalls which extended the season well into April.

Snowmaking remains the major factor in the southeastern areas' ability to provide consistently good skiing. Rain, our greatest enemy, was not a debilitating factor this year.

CENTRAL SKI AREAS ASSOCIATION
Joe Wachtel, President

The midwest ski areas thought things couldn't get worse after the 1979-80 season (the one without Christmas week), but they did. While most areas had adequate snow due to snowmaking, the weather and snow cover in the market place just wasn't conducive to getting the skiers out. This coupled with the premature end to the season in early February, just about the time when things should be getting profitable, resulted in skier visit counts down from 7 to 50 percent compared to the previous year (keep in mind that 1979-80 was a very bad year).

Probably the brightest spot on the midwest scene was the Big Snow Country Area in the upper Peninsula of Michigan with its lake effect snow from Lake Superior.

Areas that had strong pricing schedules and aggressive media and marketing programs seemed to be the least hurt by the last season. Some areas caught up in a price war situation saw a bad situation turn to disaster.

The 1980-81 season reemphasized the great influence the weather has on our businesses.

COLORADO SKI COUNTRY USA
Robert Knous, President

In the 1980-81 ski season, Colorado faced two problems. The obvious situation of less than normal snowfall, coupled with a media focus on the negative, rather than the positive side of the situation, resulted in skier visits declining 30 percent to 5.5 million.

Because of last season's experience, Colorado's 35 areas have invested approximately $20 million in snowmaking equipment, doubling the acreage previously covered, and ensuring a high quality ski experience. This investment will not only provide the areas with snow insurance against abnormal weather patterns, but also allows them to expand their season to 215 days annually.

We look forward to 1981-82 with great anticipation of returning to our nearly 8 million skier visits logged in 1979-80.

UTAH SKI ASSOCIATION
Raivo Pussemp, Executive Director

The early part of the season was not quite what we are used to here, even though by season's end we had had 350 inches of snowfall. Total skier days were 10 percent lower than our all-time record in 78-79.

The factors determining individual area's performance were complex and varied. Low base elevation areas had more problems with snow than did the higher elevation ones. Local skier areas in most cases suffered more than destination areas. We found bookings and skier days, in the latter part of the season, day for day, far extended previous year's records in most areas; however, the season ended before they could catch up for the year. In some resorts, skier days were as high or higher than ever, and in many others, though skier days were lower, revenues were up. Occupancies in destination resorts throughout the season varied between 60 to 95 percent. Overall for as bad a start as we had all over the west, the recovery was remarkable in Utah.

PACIFIC NORTHWEST SKI AREAS ASSOCIATION
Mel Borgersen, Executive Director

A second snow drought in five years plagued the ski areas in the Pacific Northwest during the 1980-81 winter. The overall decrease in skier visits in 1980-81 was not as great as it was in 1979-80. However, many individual ski areas suffered greater losses in business this past winter than they did five years ago.

Temperatures throughout much of the winter were considerably above average. Snowfall at lower elevations (3,000 feet to 5,000 feet) was inadequate in many sections to provide suitable skiing.

All ski areas in Washington, Oregon and Western Idaho that reported to us (with one exception) experienced a shorter season, closures during the season, curtailed operations, or marginal skiing conditions. However, Mt. Bachelor, Oregon reported their total operating days were 45 days less than in 1979-80, but skier visits exceeded 550,000 and were up over the previous season.

The overall skier visits for 22 ski areas in Washington, Oregon and Western Idaho were 2,819,777 in 1979-80 and 1,567,965 in 1980-81. This was a decrease of 1,251,812, or 44.4 percent.

Lift revenues for these same ski areas were down 35.5 percent in 1980-81 over 1979-80.

As usual, some ski areas suffered decreases in skier visits and lift revenues more severely than others. One area's decrease exceeded 95 percent; two ski areas decreased between 80 percent and 90 percent, and six ski areas had decreases between 70 percent and 80 percent.

Skier visits showed an overall decrease of 26.9 percent for 16 ski areas reporting from British Columbia, Canada. Ten ski areas in Alberta, Canada reported a nominal decrease of 3.17 percent. Five of the 26 ski areas in Western Canada had increases in skier visits, and 21 had decreases.

SIERRA SKI AREAS ASSOCIATION
Bob Roberts, Executive Director

God in her infinite wisdom chose to neglect the slopes of California and Nevada during the months of November and December. A ridge of high pressure held forth over the Sierra. Areas such as Boreal, Northstar and Snow Summit which were blessed with occasional low temperatures were able to make and hold snow thus attracting what business there was.

By mid-January all resorts had adequate cover. February and March generated record turnouts at most areas. Although the volume of skier visits dropped from 15 percent to 30 percent at most areas, higher prices enabled the areas to maintain the cash flow at break even levels. The total skier visits were estimated at 4.7 million.

PREFACE

The Business Research Division is pleased to present another edition of the NSAA Economic Analysis of North American Ski Areas in its tourism and recreation report series. The reader will find this study, covering the 1980-81 season, has followed the format of the previous reports for ease in comparison.

The 1980-81 ski season results turned out to be another atypical year with unusually warm weather across most of the nation. The best year was the 1977-78 season which saw uniformly good weather for skiing across the nation. However, one only has to go back to 1976-77 to find another bad year where many ski areas in the West were faced with a major snow drought. Readers are urged to utilize the 1980-81 data in conjunction with previous studies to obtain a more realistic picture of the industry over time.

The Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included so comparisons would be as meaningful and consistent as possible. The survey response resulted in 121 areas providing complete financial data.

Any comments, questions or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Director, Business Research Division, University of Colorado, Campus Box 420, Boulder, Colorado 80309; or Peter Sullivan, Aspen Skiing Corporation, Aspen, Colorado 81611.

ACKNOWLEDGMENTS

This study would not have been possible without the help of many parties. Special acknowledgment is made to the NSAA Economic Study Committee: Peter Sullivan, Aspen Skiing Corporation, Chairman; Ted Farwell, Ted Farwell and Associates; Mel Borgersen, Borgersen and Associates; James Branch, Sno-engineering; Thor Groswold, Winter Park; Doug Young, Waterville Valley; David Carto, Snow Trails; Glen Paulk, Steamboat; and Cal Conniff, NSAA, for their assistance with the development of the survey and its subsequent analysis. Members of the committee traveled great distances and gave generously of their time. While all contributed, special mention goes to Ted Farwell for his help in preparing the report and to Peter Sullivan and Cal Conniff for handling administrative details.

Special thanks go to Karen Dicke, Nancy Cress, Frank Bryan, and Dennis Yannutz of the Business Research Division staff for their efforts in making computer runs, constructing tables, typing, and printing against extremely tight deadlines.

Finally, our thanks go to the 121 ski area operators who furnished complete financial data, for without their participation the study would not exist.

C. R. Goeldner, Director
Business Research Division

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I

INTRODUCTION

This economic analysis of the ski industry represents the thirteenth survey of the National Ski Areas Association (NSAA) members. Historically the first study was conducted by Sno-engineering, Inc. and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974 the Business Research Division, University of Colorado, was assigned responsibility for the study and produced the sixth, seventh, eighth, ninth, tenth, eleventh and twelfth ones covering the 1973-74 through 1979-80 seasons. Consequently, this report focusing on the 1980-81 season represents the thirteenth effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of NSAA.

Purpose and Objectives

The purpose of the annual survey is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. To allow ski area operators and others to examine the performance of the industry for the 1980-81 season.

2. To allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others.

3. To improve understanding of ski area economics.

4. To provide a historical perspective.

5. To assist in the planning process.

Methodology

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both NSAA member and non-member ski areas in July 1981. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the

Business Research Division staff. Assistance was also provided by NSAA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire contained 17 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss) and balance sheet data pertaining to the 1980-81 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched and summarized using the Statistical Package for the Social Sciences (SPSS) program on the University's Cyber 172. In cases where tables in the report do not add to 100 percent, it is due to rounding.

Sample Response and Validity

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 121 areas furnishing complete data.

TABLE 1

GEOGRAPHIC LOCATION OF RESPONDENTS

	Number		Number
New England		Central Rockies	
Maine	2	Colorado	19
Massachusetts	3	New Mexico	5
New Hampshire	9	Arizona	1
Vermont	7		25
Connecticut	1		
Quebec, Canada	1	Northern Rockies	
	23	Montana	6
		Utah	5
East		Idaho	1
New York	5	Wyoming	2
North Carolina	2		14
Pennsylvania	4		
Virginia	1	California and Nevada	
West Virginia	1	California	11
Ontario, Canada	2	Nevada	4
	15		15
Midwest			
Michigan	4	Pacific Northwest	
Minnesota	3	Idaho	1
Ohio	1	Oregon	5
Wisconsin	4	Washington	4
Indiana	2	British Columbia, Canada	5
	14		15

Usable responses were obtained from 121 ski areas. The 121 areas providing complete financial data represent a decrease from the 1979-80 study, which included 131 ski areas. Table 2 summarizes this financial sample.

TABLE 2

SAMPLE RESPONSE BY CAPACITY
(000)

	Total VTF/Hour	Sample VTF/Hour	Percent Response
New England	257,160	131,705	51.2%
East	202,199	46,882	23.2
Midwest	124,197	30,886	24.9
Rockies	393,062	268,784	68.4
West	341,991	187,382	54.8
	1,318,609	665,639	50.5%

Table 3 provides a measure of the validity of the 1980-81 study response by comparing capacity represented with the 1979-80 responses. The 131 ski areas with complete financial data in the 1979-80 study reported 650,826 VTF/hour and represented some 52 percent of total. This response has increased by 2.3 percent to represent 665,639 VTF/hour, or some 50.5 percent of increased total capacity.

TABLE 3

CHANGE IN EFFECTIVE RESPONSE
1979-80 Vs. 1980-81
(000)

	1979-80 (VTF/Hour)	1980-81 (VTF/Hour)	Percent Change
New England	131,791	131,705	- .1%
East	53,074	46,882	- 11.7
Midwest	40,132	30,886	- 23.0
Rockies	232,454	268,784	15.6
West	193,375	187,382	- 3.1
	650,826	665,639	2.3%

Limitations

The most important limitation is that the study does not include all ski areas. While a response by ski areas containing some 50.5 percent of the uphill skier capacity in the nation is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 121 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due in large part to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Non-respondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

How to Use the Study

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C and the reader is urged to familiarize himself with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Most tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with these measures compared to one or more of the appropriate geographic, size or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

Organization

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments, their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation and weekend only), size and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1980-81 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the NSAA Economic Study Committee.

II

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 17 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. Similar tables summarize these significant parameters by various geographic locations, size, profitability, type and days of operation, snowmaking, and night operation breakdowns in subsequent chapters.

The purpose of gathering this information was to examine industry characteristics and explore similarities and differences in an attempt to develop parameters to describe success or failure. Significant findings are discussed in this chapter. Question 16 concerning the use of computers by ski areas is new in this 1980-81 study.

VTF/Hour

The average ski area contained 5,703,513 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 3,518 skiers. Operators reported an average peak day crowd of 3,849 skiers or 109 percent of comfortable capacity. Average VTF/hour was up slightly due to a growth in new capacity of 4.5 percent, and an increased response by larger areas. Figures shown in Table 2 (page 3) were developed from the 20th Annual Survey of New Lifts (Ski Area Management, January 1981) and indicate a growth of 56,239,000 VTF/hour, up 4.5 percent over 1979-80.

Table 5 contains a comparison with previous studies. Ski areas in the 1980-81 study varied in size from a low of 375,000 VTF/hour to a high of 27,850,000 VTF/hour.

Gross Fixed Assets (GFA)

Size is also measured in Gross Fixed Assets, the total undepreciated cost to create the ski area. Average GFA is $5,543,174, representing an average cost of $1,576 for each skier accommodated daily. (Defined in the economic ratio section as the Capital Cost/Capacity Ratio.) The smallest ski area responding had GFA of $116,000, while the largest had $75,579,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market while a number will serve more than one. Areas were asked to classify themselves

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1980-81	1979-80	1978-79	1977-78	1976-77	USFS Permittees 1980-81
SIZE						
VTF/Hour (000)	5,704	4,968	4,808	4,585	4,287	6,886
Gross Fixed Assets (000)	$5,543	$4,176	$3,593	$3,085	$2,806	$6,822
LOCATION						
Within 50 Miles of SMSA	31%	33%	37%	33%	35%	21%
With 6+ Areas in 1 Hour	29%	31%	27%	30%	27%	21%
New England	19%	18%	17%	21%	18%	10%
East	12%	14%	13%	11%	13%	0%
Midwest	12%	15%	16%	15%	17%	3%
Rockies	33%	28%	33%	32%	28%	56%
West	24%	26%	21%	21%	25%	31%
SITE CHARACTERISTICS						
Number of Beds at Base	981	682	726	703	656	1,648
Number of Beds (10 Miles)	3,801	3,098	2,161	2,454	2,313	5,375
With Snowmaking	55%	60%	58%	55%	46%	36%
Terrain: Beginner	25%	25%	24%	26%	26%	24%
Intermediate	49%	50%	51%	49%	48%	49%
Expert	26%	25%	25%	25%	26%	28%
With a Night Operation	36%	41%	36%	38%	35%	20%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	50%	50%	51%	47%	49%	100%
Engaged in Land Development	39%	34%	33%	32%	28%	33%
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	98	113	131	150	89	93
Average Peak Day Crowd	3,785	3,620	3,648	3,665	3,386	4,240
Average Skier Visits (000)	151	178	181	178	111	182
Average Age of Ski Areas	23 years	22 years	22 years	26 years	20 years	23 years

TABLE 4 (Continued)

AVERAGE SKI AREA CHARACTERISTICS

	1980-81	1979-80	1978-79	1977-78	1976-77	USFS Permittees 1980-81
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$12.59	$10.92	$ 9.96	$ 9.15	$ 8.30	$12.78
Average Lift Ticket Revenue/Skier Visit	$10.91	$ 9.25	$ 8.47	$ 7.58	$ 6.79	$11.35
Average Adult Lift Ticket Price:						
Weekend	$13.81	$12.05	$10.89	$ 9.86	$ 9.07	$13.72
Weekday	$12.46	$10.60	$ 9.61	$ 8.56	$ 8.01	$12.98
Average Night Ticket Price	$ 7.83	$ 6.94	$ 6.08	$ 5.85	-	$ 8.10
Average Adult Season Ticket Price	$ 275	$ 236	$ 218	$ 197	-	$ 303
Average Utilization	42%	48%	44%	40%	37%	47%
Average Profit (Loss) Before Tax (000)	$ 112	$ 348	$ 378	$ 389	($ 65)	$ 130
Ratio: Revenue/GFA	40%	51%	54%	56%	35%	40%
Base	(121)	(131)	(124)	(114)	(127)	(61)

TABLE 5

VTF/HOUR CAPACITY

VTF/Hour (000)	1980-81 Number of Areas	1980-81 %	1979-80 Number of Areas	1979-80 %	1978-79 Number of Areas	1978-79 %
0 - 499	1	.9%	0	- %	1	0.8%
500 - 999	5	4.1	6	4.6	7	5.6
1,000 - 2,499	27	22.3	34	26.0	34	27.4
2,500 - 4,999	37	30.5	51	38.9	45	36.3
5,000 - 9,999	34	28.1	28	21.4	26	21.0
10,000 and Over	17	14.1	12	9.2	11	8.9
	121	100.0%	131	100.1%	124	100.0%

as "day," "weekend," "vacation" or "weekend only" types. Classification as a day area is the largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day oriented while the larger are vacation destinations.

Acreage

The average ski area contains 456 acres of developed ski slopes and trails. Currently these 456 acres support crowds of 3,518 skiers, creating an average density of 7.7/acre. Ski areas in the Midwest accommodate skiers at the average density of 23.2/acre, and New England areas at 22.6/acre, while the Western areas vary from 8.6/acre to 3.5/acre. The following table summarizes this data.

TABLE 5A

SKI AREA ACREAGE AND CAPACITY

	Base	Average Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	(121)	456	3,518	7.7
USFS Permittees	(61)	602	3,987	6.6
By Profitability				
Top Half	(37)	548	4,576	8.4
Bottom Half	(37)	448	3,533	7.9
Loss	(47)	390	2,673	6.9
By Geographic Region				
New England	(23)	169	3,818	22.6
East and Ontario	(15)	116	2,084	18.0
Midwest	(14)	95	2,206	23.2
Central Rockies	(25)	461	3,710	8.1
Northern Rockies	(14)	856	2,975	3.5
California and Nevada	(15)	662	5,660	8.6
Pacific Northwest	(15)	986	3,761	3.8
By Type				
Day	(52)	282	2,259	8.0
Weekend	(23)	472	3,921	8.3
Vacation	(43)	671	5,023	7.5
Weekend Only	(3)	275	666	2.4
Snowmade Areas				
New England	(19)	184	4,234	23.0
East and Midwest	(26)	97	2,181	22.5
West	(22)	816	4,824	5.9

Location

Geographic Location

Tables 1 and 2 illustrate the geographic dispersion of ski areas responding across the nation. Table 6 shows the proportion of areas and capacity (VTF/hour).

TABLE 6

LOCATION OF SKI AREAS

	Estimated Capacity	
	VTF/Hour (000)	%
New England	257,160	19.5%
East	202,199	15.3
Midwest	124,197	9.4
Rockies	393,062	29.8
West	341,991	25.9
	1,318,609	100.0%

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1970s and 1980s. Table 7 illustrates this critical relationship.

TABLE 7

PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to	Total Sample		Day	Weekend	Vacation	Weekend Only
Nearest SMSA	Number	%	%	%	%	%
0 - 24 miles	14	11.7%	21.1%	8.7%	2.3%	- %
25 - 49 miles	23	19.2	26.9	13.0	11.6	50.0
50 - 74 miles	24	20.0	25.0	17.4	14.0	50.0
75 - 99 miles	17	14.2	5.8	30.4	16.3	-
100+ miles	42	35.0	21.2	30.4	55.8	-
	120	100.1%	99.9%	100.0%	100.0%	100.0%

Note that 73 percent of the day areas are within commuting distance (75 miles) while the bulk of the weekend areas require 2 or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because with stays of 7 to 10 days, proximity is not critical.

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions and climate. Part may be conditioned by the existence of regional airports, interstate highway access and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 8 illustrates the extent of this clustering.

TABLE 8

PROXIMITY OF COMPETITIVE AREAS

Number Within 1 Hour Drive	Total Sample		Profitability		
			Top Profit	Bottom Profit	Loss
	Number	%	%	%	%
None	17	14.0%	13.5%	18.9%	10.6%
1	21	17.4	24.3	10.8	17.0
2 - 3	28	23.1	13.5	29.7	25.5
4 - 5	16	13.2	16.2	10.8	12.8
6+	35	28.9	27.0	29.7	29.8
No Response	4	3.3	5.4	-	4.3
	121	99.9%	99.9%	99.9%	100.0%

While in the past the comparison by profitability in Table 8 supported the observation that profitability increases at areas where clustering creates a more attractive package, the poor snow in 1980-81 will not support this observation.

Site Characteristics

Lodging Facilities

Ski areas reported lodging capacity both in terms of beds at the base area and within 10 miles. Table 9 summarizes this data. The number of beds at the base ranged from 0 to 30,000.

TABLE 9

SKI AREA LODGING CAPACITY, 1980-81

Number of Beds	At Base		Within 10 Miles	
	Number	%	Number	%
None	58	47.9%	17	14.1%
1 - 149	18	14.9	12	9.9
150 - 299	8	6.5	9	7.4
300 - 599	8	6.5	15	12.4
600 - 1,199	15	12.4	19	15.7
1,200+	14	11.8	49	40.5
	121	100.0%	121	100.0%

Ski areas with a large number of beds both at the base and within 10 miles continued to enjoy higher utilization and better profitability.

Snowmaking

Snowmaking capability exists at 55 percent of the respondent areas. The average coverage is 78 acres and average operation is 1,062 hours annually.

Terrain

In general, 49 percent of the slopes and trails at ski areas responding are classified intermediate (or more difficult in standard NSAA terminology), while 25 percent are beginner (easiest) and 26 percent expert (most difficult).

Business Characteristics

Site Ownership

Sixty-six percent of the areas responding operate on public land. Fifty percent are under permit from the U.S. Forest Service, while 10 percent lease state land, 4 percent Canadian land, and 2 percent other public land. The average USFS permittee reports 79.6 percent of slope transport feet on leased land.

Table 10 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest, while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 10

SITE OWNERSHIP

	Total Sample	New England	East	Midwest	Rockies	West
All Private	33.9%	39.1%	93.3%	78.6%	7.7%	13.3%
Public USFS Permit	50.4	26.1	-	14.3	87.2	63.3
State Land Lease	9.9	26.1	6.7	7.1	2.6	10.0
Canadian Lease	4.1	4.3	-	-	-	13.3
Other	1.7	4.3	-	-	2.6	-
	100.0%	99.9%	100.0%	100.0%	100.1%	99.9%
Base	(121)	(23)	(15)	(14)	(39)	(30)

Real Estate Operations

Forty-seven ski areas (39 percent) responding are engaged in some land development. Interestingly, a larger proportion of eastern and midwestern areas than western areas report land development activity. See Table 11.

TABLE 11

REAL ESTATE OPERATIONS

	1980-81		1979-80	1978-79
	Number	%	%	%
Engaged in Land Development				
Second Home Residential Sites	35	28.9%	25.2%	24.2%
Second Homes	13	10.7	6.9	8.1
Condominium Sites	32	26.5	22.9	21.0
Condominiums	23	19.0	16.8	15.3
Commercial Sites	18	14.9	11.5	14.5
Commercial Buildings	13	10.7	6.9	8.9
Not Engaged in Land Development	72	59.5	64.9	65.3
No Answer	2	1.7	1.5	1.6
Base	(121)		(131)	(124)

Operational Characteristics

Years in Operation

The average ski area respondent has been operating for 23 years. Table 12 summarizes ski area age. Seven new areas (5.8 percent) have opened within the last five years, illustrating a changing trend from the recent past.

TABLE 12

NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

	1980-81		1979-80		1978-79	
	Number	%	Number	%	Number	%
1 - 5 years	7	5.8%	1	0.8%	1	0.8%
6 - 10 years	11	9.1	13	9.9	10	8.1
11 - 15 years	15	12.4	23	17.6	24	19.5
16 - 20 years	27	22.3	34	26.0	32	26.0
21 - 25 years	15	12.4	23	17.6	19	15.4
26 - 30 years	16	13.2	6	4.6	6	4.9
31 - 35 years	12	9.9	12	9.2	13	10.6
Over 35 years	18	14.9	19	14.5	18	14.6
	121	100.0%	131	100.2	123	99.9%

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. When so high a proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 45 percent of total costs) the longer the season the more opportunity to spread these over a greater revenue base.

The 1976-77 survey contained an upgrading of this vital statistic. Respondents were asked to provide their summary of daily operation in four categories: number of days at full operation, number of days with less than full but more than one-half of your mountain open and skiable, number of days with less than half of your mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of equivalent days that the ski area was fully open and skiable, a more accurate measure of capacity.

The past three surveys contain an added adjustment to allow for the generally smaller night operations. Nights of operation were adjusted by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (36 percent) report night skiing capacity at 47 percent of day capacity. Thus, while the average ski area with lights was open 51 nights, this amounts to only 24 "equivalent days/nights" of full capacity operation.

Table 13 summarizes the various results. Table 14 illustrates the wide variation in actual equivalent operating days. The average ski area enjoyed an equivalent season that was 79 percent of actual days open (88 days divided by 111 days).

TABLE 13

DAYS/NIGHTS OF OPERATION

	Equivalent 1980-81		Equivalent 1979-80	
	Number	%	Number	%
0 - 59 days/nights	19	15.7%	19	14.5%
60 - 89 days/nights	32	26.5	14	10.7
90 - 104 days/nights	13	10.7	17	13.0
105 - 119 days/nights	20	16.5	16	12.2
120 - 134 days/nights	18	14.9	27	20.6
135 - 159 days/nights	12	9.9	20	15.3
Over 160 days/nights	7	5.8	18	13.7
	121	100.0%	131	100.0%

Again, length of season is positively correlated with profitability as the top half of the profitable areas had a season that was 53 percent greater than the loss areas. Midwest ski areas had the longest season, averaging 110 equivalent days/nights, while New England had the shortest, 81 days/nights.

TABLE 14

ACTUAL VS. EQUIVALENT DAYS OF OPERATIONS, 1980-81

	Equivalent Days/Nights[a] of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open	Nights of Operation (47%)
Average Ski Area	98	58	33	20	111	18
Top Profit	113	69	34	22	124	27
Bottom Profit	112	71	30	20	121	21
Loss	74	38	36	18	92	8
New England	81	39	39	33	111	8
East and Ontario	108	53	28	15	96	53
Midwest	110	69	19	7	94	33
Central Rockies	91	42	55	21	118	5
Northern Rockies	101	82	16	8	106	21
California/Nevada	100	74	24	19	117	8
Pacific Northwest	108	67	33	26	126	14
Day	95	55	27	12	95	24
Weekend	102	56	41	24	121	20
Vacation	105	65	39	27	131	11
USFS Permittees	93	56	38	22	115	8

[a] This figure is the sum of days, open at various capacities, plus nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgment. The 1975-76 study attempted to establish capacity parameters in several ways in order to test various concepts. This procedure has been used in all surveys since. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 15. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour. This assumption is similar to the last five studies and is based on the observation that skiers demand different amounts of skiing based upon their ability level, and further that this demand varies from ski area to ski area and region to region. The demand used to approximate regional experience is:

Geographic Region	Approximate Demand
New England	1,500 VTF/hour
East	1,500 VTF/hour
Midwest	1,000 VTF/hour
Rockies	2,000 VTF/hour
West	1,500 VTF/hour

TABLE 15

MEASURES OF SKI AREA CAPACITY

	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	Peak Crowd As % of Calculated Capacity	Comfortable Crowd As % of Calculated Capacity
Total Sample	3,785	3,690	3,518	108%	105%
USFS Permittees	4,240	4,077	3,987	106	102
Location:					
New England	3,713	3,711	3,818	97	97
East	3,824	3,357	2,084	183	161
Midwest	1,942	2,018	2,206	88	91
Central Rockies	3,838	4,255	3,710	103	115
Northern Rockies	3,137	3,438	2,975	105	116
California/Nevada	5,892	5,008	5,660	104	88
Pacific Northwest	3,988	3,527	3,761	106	94
Profitability:					
Top	5,548	4,974	4,576	121	109
Bottom	3,961	3,701	3,533	112	105
Loss	2,259	2,671	2,673	85	100
Type:					
Day	2,765	2,664	2,259	122	118
Weekend	4,208	3,951	3,921	107	101
Vacation	5,033	4,994	5,023	100	99
Weekend Only	344	783	666	52	118

An analysis of Table 15 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The peak day crowds are 108 percent of calculated capacity and 105 percent of ski area operators' estimated comfortable capacity.

Skier Visits

Skier visits is the physical measure of use. Table 16 summarizes skier visits reported over the past four ski seasons.

TABLE 16

SKIER VISITS/SEASON

Skier Visits (000)	1980-81 Number	1980-81 %	1979-80 %	1978-79 %	1977-78 %
0 - 24.9	18	14.9%	13.0%	7.3%	4.4%
25 - 49.9	17	14.1	12.2	13.7	13.1
50 - 99.9	25	20.7	22.1	23.4	24.6
100 - 199.9	31	25.6	22.1	21.8	25.4
200+	30	24.8	30.5	33.9	32.5
	121	100.1%	99.9%	100.1%	100.0%
Average Skier Visits (000)	151		178	181	178

Growth

The last four surveys contain a measure of growth. For the fifth time, the respondents were asked for their skier visit count over the past five years. Table 17 summarizes the findings.

TABLE 17

GROWTH IN USAGE

	Base	Skier Visits 1976-77 (000)	1977-78 (000)	1978-79 (000)	1979-80 (000)	1980-81 (000)
Total Sample	121	111	180	185	187	151
USFS Permittees	61	113	222	241	253	182
By Profitability:						
Top Half	37	155	253	261	270	245
Bottom Half	37	125	185	199	196	168
Loss	47	58	115	113	110	64
By Geographic Region:						
New England	23	152	171	150	110	139
East	15	113	147	134	132	142
Midwest	14	67	75	73	73	60
Central Rockies	25	134	243	268	293	194
Northern Rockies	14	73	142	162	163	124
California/Nevada	15	127	291	318	324	250
Pacific Northwest	15	67	154	142	165	118
By Type:						
Day	52	66	108	105	103	78
Weekend	23	128	204	213	209	188
Vacation	43	155	263	278	285	230
Weekend Only	3	4	8	7	2	3

These growth trends are an attempt to measure growth in demand for skiing opportunities. As such a measure they fall short when the snow drought years are included. The reason usage was down had to do with a failure to provide adequate opportunities (supply).

Economic Characteristics

Ski Lift Prices

Respondents were asked to list their adult weekday and weekend all day lift ticket prices. These are typically the highest prices quoted because there are discounts for students, children, military, 3, 5 and 7 day packages, promotions, races and senior citizens. The last four studies also include pricing questions concerning night ticket rates and season pass rates. Table 18 summarizes these prices and compares prices with actual average lift ticket revenue per skier visit.

TABLE 18

SKI LIFT TICKET PRICES AND
AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1980-81	1979-80	1978-79	1977-78
Ski Lift Ticket Price:				
Weekend	$13.81	$12.05	$10.89	$ 9.86
Weekday	12.46	10.60	9.61	8.56
Night	7.83	6.94	6.08	5.85
Season Pass	275.46	236.00	217.61	196.73
Average Ski Lift Ticket Revenue/S-V	10.91	9.25	8.47	7.58
Realized Revenue Vs. Weekend Price	79.0%	76.8%	77.8%	76.9%

Table 19 illustrates the range of ski lift ticket prices. Prices ranged from a low of $8.00 to a high of $20.00.

TABLE 19

ADULT, ALL DAY WEEKEND, SKI LIFT TICKET PRICES

	1980-81		1979-80	1978-79	1977-78	1976-77
	Number	%	%	%	%	%
Under $4.00	0	- %	- %	- %	- %	- %
$4.00 - 5.99	0	-	-	0.8	0.9	1.6
$6.00 - 6.99	0	-	-	0.8	2.6	4.7
$7.00 - 8.49	3	2.5	7.6	7.3	20.2	29.9
$8.50 - 9.99	4	3.3	11.5	23.4	21.9	25.2
$10.00 - 11.99	15	12.4	24.4	29.8	35.1	29.9
$12.00 - 14.99	48	39.7	38.9	29.8	19.3	7.1
$15.00 - 17.99	37	30.6	16.0	8.1		
$18.00+	14	11.6	1.5			
No Response	-	-	-	-	-	1.6
	121	100.1%	99.9%	100.0%	100.0%	100.0%

Profits

Only fifty-five, or 46 percent, of the 121 ski areas reported profits in 1980-81. Chapter V provides a complete analysis of profitability and its probable causes. Table 20 summarizes dollar returns.

TABLE 20

DOLLARS OF PROFIT (BEFORE TAX)

	1980-81		1979-80	1978-79	1977-78	1976-77
Dollars (000)	Number	%	%	%	%	%
Loss	66	54.5%	42.0%	26.6%	12.3%	48.0%
$0 - 24.9	2	1.7	4.6	9.7	5.2	8.7
$25 - 49.9	9	7.4	5.3	7.3	8.8	3.9
$50 - 99.9	3	2.5	6.9	8.9	14.1	10.2
$100 - 149.9	7	5.8	9.2	3.2	8.7	6.3
$150 - 249.9	5	4.1	5.3	9.7	10.5	10.2
$250 - 349.9	8	6.6	2.3	5.6	7.9	3.9
$350 - 999.9	10	8.3	11.5	17.7	22.9	6.3
$1,000 - 1,999.9	7	5.8	7.6	5.6	7.0	1.6
$2,000+	4	3.3	5.3	5.6	2.6	0.8
	121	100.0%	100.0%	99.9%	100.0%	99.9%

Non-Skiing Activities

Table 21 summarizes the variety and extent of other recreational activities offered at ski areas. The most prevalent activity is ski touring, followed by tennis and swimming.

TABLE 21

OTHER ACTIVITIES AVAILABLE AT SKI AREAS

	Percent of Areas That Have			
	All	Day	Weekend	Vacation
Toboggans/sleds	4.2%	3.9%	0.0%	7.0%
Ice skating	18.5	5.9	4.3	41.9
Snowmobiles	15.1	5.9	4.3	30.2
Ski touring	63.0	47.1	72.7	79.1
Golf	25.2	5.9	22.7	51.2
Tennis	37.0	13.7	36.4	67.4
Swimming	36.1	11.8	36.4	67.4
Water sports	20.2	7.8	27.3	32.6

Computers

The 1980-81 study asked three questions about ski areas ownership and/or use of computers. Fifty-two percent of ski areas use the services of a computer. Thirty-four percent own a computer, 16 percent use a computer service and 2.5 percent timeshare. There were 21 different brands or models mentioned. Table 22 summarizes the various applications.

TABLE 22

COMPUTER USE AND APPLICATIONS

	Number	Percent	Percent of Users
No Computer Use	57	47.1%	
Own or Lease Computer	41	33.9	65.1%
Use Computer Service	19	15.7	30.2
Timeshare Computer	3	2.5	4.8
Applications:			
Payroll	54		85.7%
Accounts Payable	41		65.1
Accounts Receivable	24		38.1
Forecasting	11		17.5
Market Research	4		6.3
Ticket Sales	20		31.7
Other	44		69.8

III

SKI AREA FINANCIAL DATA

Introduction

Each ski area was asked to provide the following financial data on their 1980-81 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1980-81 season represents 121 ski areas that provided complete usable data representing 12 months of income and expenses. These 121 areas represent a decrease from the 131 completely usable questionnaires for 1979-80.

The 121 ski areas represent approximately 50 percent of the ski area capacity in the nation. If this relationship were to hold for the balance of the capacity, then the ski area business in the United States has an investment of some $1.3 billion, processes revenues of $756 million, and has an annual payroll of $174 million.

This chapter first presents the average income statement (Table 23) and the average area lift and revenue expense statement (Table 24) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure which has been adjusted because of concession operations to make the data more comparable. Also, this more extensive analysis includes a separate column on the 61 areas in the study operating with a USFS permit.

Average Ski Area Income Statements

Table 25 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus gross margin or contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 26 is a summary of gross revenue, concession revenue and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 26 includes all areas in the average including those who do not operate such a department. While they are statistically accurate they are non-typical.

TABLE 23

AVERAGE AREA INCOME STATEMENT (000)

	1980-81 Total	1980-81 Season Percent	1979-80 Total	1979-80 Season Percent	1978-79 Season Percent	1977-78 Season Percent
Income	$3,155	100.0%	$2,879	100.0%	100.0%	100.0%
Direct Expense						
Direct Labor	$ 717	22.7%	$ 638	22.2%	22.2%	21.3%
Other Direct Expenses	1,079	34.2	859	29.8	29.1	28.2
Total Direct Expenses	$1,796	56.9%	$1,497	52.0%	51.3%	49.5%
Gross Margin	$1,359	43.1%	$1,382	48.0%	48.7%	50.5%
Other Expenses						
General & Administrative	$ 340	10.8%	$ 273	9.5%	9.0%	8.4%
Marketing	138	4.4	114	4.0	3.4	3.4
Insurance	85	2.7	90	3.1	3.5	3.3
Forest Service Fees	40	1.3	43	1.5	1.5	1.3
Private Land Rental	12	0.4	16	0.6	0.5	0.5
Property & Other Taxes	60	1.9	49	1.7	1.8	1.9
Interest	195	6.2	159	5.5	4.5	4.8
Depreciation	334	10.6	266	9.2	8.4	8.2
Miscellaneous Expense	43	1.5	24	0.8	1.8	1.9
Total Other Expense	$1,247	39.5%	$1,034	35.9%	34.4%	33.7%
Pre-Tax Profit (Loss)	$ 112	3.6%	$ 348	12.1%	14.3%	16.8%
Base	(121)		(131)		(124)	(114)

TABLE 24

AVERAGE AREA LIFT REVENUE AND EXPENSE (000)

	1980-81 Total	1980-81 Season Percent	1979-80 Total	1979-80 Season Percent	1978-79 Season Percent	1977-78 Season Percent
Lift Revenue						
Winter	$1,646	98.5%	$1,648	99.2%	99.0%	99.0%
Summer	25	1.5	13	.8	1.0	1.0
Total	$1,671	100.0%	$1,661	100.0%	100.0%	100.0%
Lift Expense						
Direct Labor (Winter)						
Lift	$ 124	7.4%	$ 110	6.6%	6.9%	6.4%
Ski Patrol	60	3.6	51	3.1	3.2	3.0
Slope Maintenance	42	2.5	35	2.1	2.3	2.0
Maintenance & Repair	73	4.4	61	3.7	3.9	3.4
Ticket Sales	23	1.4	21	1.3	1.2	1.2
Other	33	2.0	27	1.6	1.6	2.0
Total (Winter)	$ 355	21.2%	$ 305	18.4%	19.1%	18.0%
Direct Labor (Summer)	$ 10	0.6%	$ 5	0.3%	0.8%	0.7%
Other Direct Expense	$ 207	12.4%	$ 190	11.4%	12.3%	12.2%
Gross Margin - Lifts	$1,099	65.8%	$1,161	69.9%	67.8%	69.1%
Base	(121)		(131)		(124)	(114)

TABLE 25

AVERAGE SKI AREA FINANCIAL DATA--INCOME STATEMENT

	1980-81 Total (000)	1979-80 Total (000)	% Change	USFS Permittees	Your Ski Area
Gross Fixed Assets	$5,543	$4,176	32.74%	$6,822	$____
Revenue:					
Ski Lift Gross - Winter	$1,646	$1,648		$2,062	$____
Ski Lift Gross - Summer	25	13		20	____
Supporting Margin - Winter	286	324		275	____
Supporting Margin - Summer	29	30		19	____
Year Round Margin	235	110		380	____
TOTAL REVENUE	$2,220	$2,125	4.49%	$2,756	$____
Less:					
Ski Lift Direct Expense	$ 572	$ 500		$ 743	$____
Payroll Taxes	79	70		101	____
Property Operation	125	104		123	____
OPERATIONS MARGIN	$1,445	$1,451	- 0.42%	$1,789	$____
Less:					
General & Administrative	$ 340	$ 273		$ 435	$____
Marketing (advertising, public relations, promotion, etc.)	138	114		162	____
Insurance (property, liability)	85	90		100	____
Land Use Fees (public)	40	43		67	____
Land Use Fees (private)	12	16		13	____
Property Taxes	43	32		53	____
Other Taxes (not income)	17	17		19	____
Snowmaking	81	62		56	____
Snow Removal	4	7		5	____
Miscellaneous	43	24		73	____
Depreciation & Amortization	334	266		432	____
OPERATING PROFIT (LOSS)	$ 307	$ 507	-39.41 %	$ 374	$____
Less: Interest	195	159		244	____
PROFIT (LOSS) BEFORE TAX	$ 112	$ 348	-67.82%	$ 130	$____
Base	(121)	(131)		(61)	

TABLE 26

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
1980-81

	Plus:		Less:			Equals:
	Gross Sales (000)	Concession Revenue (000)	Cost of Goods Sold (000)	Direct Labor (000)	Direct Other (000)	Gross Margin (000)
WINTER SEASON						
Ski Lift Department	$1,646	$ -	$ -	$ 355	$ 200	$1,091
Ski School	167	2	-	105	16	48
Food Service	244	12	91	75	31	59
Bar	66	4	17	13	7	33
Retail	118	5	68	15	6	34
Rental	112	5	18	25	9	65
Accommodations	104	1	-	31	41	33
Other	55	3	5	22	16	15
Sub-total	$2,512	$ 32	$ 199	$ 641	$ 326	$1,378
YEAR-ROUND						
Real Estate	$ 380	$ 0	$ 154	$ 23	$ 36	$ 167
Utility	5	0	-	2	6	(3)
Miscellaneous	90	0	11	3	6	70
Sub-total	$ 475	$ 0	$ 165	$ 28	$ 48	$ 234
SUMMER SEASON						
Lift Department	$ 25	$ -	$ -	$ 10	$ 7	$ 8
Food Service	30	1	12	13	4	2
Retail	7	0	4	2	1	0
Sports	17	0	-	6	7	4
Accommodations	27	0	-	10	12	5
Slide	29	1	1	6	3	20
Sub-total	$ 135	$ 2	$ 17	$ 47	$ 34	$ 39
TOTALS	$3,122	$ 34	$ 381	$ 716	$ 408	$1,651
Base	(121)	(121)	(121)	(121)	(121)	(121)

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that this figure compared to gross fixed assets is one of the best overall measures of industry profitability. Interest expense varies from zero to $1.7 million, and while it is a critical and significant cost of doing business it is also viewed as a part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating losses. A fair assessment of current operations requires both an analysis of before tax and before interest return on GFA, and profit as a percent of equity.

Tables 27 and 28 provide comparisons between expenses, revenues and investment (Gross Fixed Assets). One generally uniform factor involves the depreciation to Gross Fixed Assets of around 6 percent, or 16 years average life.

Revenue

Average revenue was up 4.5 percent. A check of the 1980-81 results using the revenue to GFA vs. utilization rule developed in the 1974-75 report shows the following.

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All ski areas	40%	÷	42%	=	.95	Acceptable
Top Half Profit	53%	÷	47%	=	1.13	Good
Bottom Half Profit	38%	÷	42%	=	.91	Acceptable
Loss	22%	÷	32%	=	.69	Poor

This rule of thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the various factors are in balance. When utilization exceeds the revenue/GFA ratio one or more factors are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area.

TABLE 27

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
PERCENT OF REVENUE

	1980-81 Total	1979-80 Total	1980-81 USFS Permittees	Your Ski Area	
Revenue:					
Ski Lift Gross - Winter	74.11%	77.55%	74.85%	_____	%
Ski Lift Gross - Summer	1.10	0.61	0.72	_____	
Supporting Margin - Winter	12.90	15.25	9.97	_____	
Supporting Margin - Summer	1.31	1.41	0.68	_____	
Year Round Margin	10.57	5.18	13.79	_____	
TOTAL REVENUE	100.00%	100.00%	100.00%	100.0	%
Less:					
Ski Lift Direct Expense	25.75%	23.53%	26.95%	_____	%
Payroll Taxes	3.54	3.29	3.66	_____	
Property Operation	5.64	4.89	4.46	_____	
OPERATIONS MARGIN	65.08%	68.28%	64.92%	_____	%
Less:					
General & Administrative	15.33%	12.85%	15.80%	_____	%
Marketing (advertising, public relations, promotion, etc.)	6.20	5.36	5.89	_____	
Insurance (property, liability)	3.83	4.24	3.63	_____	
Land Use Fees (public)	1.78	2.02	2.42	_____	
Land Use Fees (private)	0.55	0.75	0.48	_____	
Property Taxes	1.94	1.51	1.91	_____	
Other Taxes (not income)	0.74	0.80	0.68	_____	
Snowmaking	3.67	2.92	2.04	_____	
Snow Removal	0.20	0.33	0.17	_____	
Miscellaneous	1.95	1.13	2.65	_____	
Depreciation & Amortization	15.06	12.52	15.69	_____	
OPERATING PROFIT (LOSS)	13.83%	23.86%	13.57%	_____	%
Less: Interest	8.78	7.48	8.86	_____	
PROFIT (LOSS) BEFORE TAX	5.05%	16.38%	4.71%	_____	%
Base	(121)	(131)	(61)		

TABLE 28

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
PERCENT OF GROSS FIXED ASSETS

	1980-81 Total	1979-80 Total	1980-81 USFS Permittees	Your Ski Area
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%
Revenue:				
Ski Lift Gross - Winter	29.69%	39.46%	30.23%	____%
Ski Lift Gross - Summer	0.44	0.31	0.29	____
Supporting Margin - Winter	5.17	7.76	4.03	____
Supporting Margin - Summer	0.53	0.72	0.28	____
Year Round Margin	4.23	2.63	5.57	____
TOTAL REVENUE	40.06%	50.89%	40.39%	____%
Less:				
Ski Lift Direct Expense	10.31%	11.97%	10.89%	____%
Payroll Taxes	1.42	1.68	1.48	____
Property Operation	2.26	2.49	1.80	____
OPERATIONS MARGIN	26.07%	34.75%	26.22%	____%
Less:				
General & Administrative	6.14%	6.54%	6.38%	____%
Marketing (advertising, public relations, promotion, etc.)	2.48	2.73	2.38	____
Insurance (property, liability)	1.53	2.16	1.47	____
Land Use Fees (public)	0.71	1.03	0.98	____
Land Use Fees (private)	0.22	0.38	0.19	____
Property Taxes	0.78	0.77	0.77	____
Other Taxes (not income)	0.30	0.41	0.27	____
Snowmaking	1.47	1.48	0.82	____
Snow Removal	0.08	0.17	0.07	____
Miscellaneous	0.78	0.57	1.07	____
Depreciation & Amortization	6.03	6.37	6.34	____
OPERATING PROFIT (LOSS)	5.54%	12.14%	5.48%	____%
Less: Interest	3.52	3.81	3.58	____
PROFIT (LOSS) BEFORE TAX	2.02%	8.33%	1.90%	____%
Base	(121)	(131)	(61)	

The 1980-81 ratio of revenue to GFA (40 percent) decreased substantially from the 1979-80 figure (51 percent), but continued slightly above the 1976-77 figure (35 percent). This subject is discussed in more detail in Chapter V.

Expenses

Direct operating expenses were up 15 percent, resulting in an operating margin that is down 0.4 percent.

Balance Sheet

Balance sheet data is summarized in Table 29. The basic balance sheet data remained unchanged. Working capital is adequate and the current ratio is an adequate 1.1/1.

Table 30 summarizes the traditional measures of business health.

TABLE 29

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS

	1980-81 (000)	Total Percent	1979-80 (000)	Total Percent	USFS Permittees (000)
Assets					
Current Assets	$ 777	14.4%	$ 738	17.0%	$1,020
Gross Fixed Assets	5,556	103.0	4,246	97.8	6,823
Less: Depreciation	(1,847)	(34.2)	(1,618)	(37.3)	(2,061)
Other Assets	908	16.8	976	22.5	1,273
TOTAL ASSETS	$5,394	100.0%	$4,342	200.0%	$7,055
Liabilities & Net Worth					
Current Liabilities	$ 706	13.1%	$ 602	13.9%	$ 816
Long-Term Debt	1,715	31.8	1,165	26.8	2,434
Subordinated Debt	339	6.3	422	9.7	414
Deferred Taxes	76	1.4	101	2.3	85
Other Liabilities	210	3.9	66	1.5	137
Net Worth					
Invested	1,521	28.2	1,215	28.0	2,011
Retained Earnings	827	15.3	771	17.8	1,158
TOTAL LIABILITIES & NET WORTH	$5,394	100.0%	$4,342	100.0%	$7,055
Base	(120)		(126)		(61)

TABLE 30

BALANCE SHEET RATIOS

	1980-81	1979-80	1978-79	1977-78
Working Capital (000)	$ 71	$136	$126	$133
Current Ratio	1.1/1	1.2/1	1.3/1	1.3/1
Percent Debt	56%	54%	57%	61%
Percent Equity	44%	46%	43%	39%
Debt to Cash Flow	4.5X	2.6X	2.2X	2.2X

U.S. Forest Service Permittees

Again, the 1980-81 study contained a separate computer run for the 61 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size and length of season. The economic characteristics and financial performance indicators are remarkably similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There are a myriad of different methods of measuring profitability and performance. These eight critical economic ratios were developed over the past 19 years by Ted Farwell, a member of the NSAA Economic Study Committee. They are not purported to be the only system, but rather to be one simple method of analyzing operating results.

Table 31 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 25 and 29. There are similar tables in the subsequent chapters presenting the eight critical variables divided by various meaningful categories of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

How to Calculate the Ratios

1. Debt to cash flow is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calculated by dividing the total long-term debt (M) (not including current liabilities) by the before-tax cash flow (I). Before-tax cash flow is calculated by adding back the non-cash expense of depreciation (H) to the profit (loss) before tax (G).

2. Operating profit on GFA is, in our opinion, the major ratio to describe profitability. Since it is a ratio before financing costs it allows for the comparison of operating results between areas with conservative management and minimum debt, and those with maximum leverage. It also eliminates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the operating profit (J) by gross fixed assets (L). Operating profit is calculated before interest expense.

3. Profit (before tax) on equity is the second measure of profitability and is the closest one can come to the traditional "return on equity" measure of business profitability. Traditional measures are in "after tax" returns. However, two characteristics of the ski industry make after tax calculations next to meaningless.

TABLE 31

ECONOMIC RATIOS

	Construction Key	Total 1980-81	Total 1979-80	Percent Change	USFS Permittees	Your Ski Area
VTF/Hour (000)	A	5,704	4,968		6,886	_____
VTF/Hour - Demand/Skier Visit	B	1,621	1,598		1,727	_____
Skier Capacity	C	3,518	3,109		3,987	_____
Days/Nights of Operation	D	98	113		93	_____
Season Capacity (000)	E	359	372		385	_____
Actual Skier Visits (000)	F	151	178	- 15.24%	182	_____
Profit (Loss) Before Tax (000)	G	$ 112	$ 348	- 67.82%	$ 130	$_____
Plus: Depreciation (000)	H	$ 334	$ 266		$ 432	$_____
Before Tax Cash Flow (000)	I	$ 453	$ 614		$ 562	$_____
Operating Profit (Loss) (000)	J	$ 307	$ 507	- 39.45%	$ 374	$_____
Cash Operating Costs (000)	K	$1,579	$1,352		$1,949	$_____
Gross Fixed Assets (000)	L	$5,543	$4,176		$6,822	$_____
Secured Debt (000)	M	$2,054	$1,587		$2,848	$_____
Equity (000)	N	$2,328	$1,986		$3,169	$_____
Critical Ratios						
1. Health (Debt to Cash Flow)		4.50X	2.58X		4.33 X	_____X
Profitability:						
2. Operating Profit on GFA		5.54%	12.14%	- 54.38%	5.48%	_____%
3. Profit (BT) on Equity		4.81%	17.52%	- 72.54%	4.10%	_____ %
Performance:						
4. Average Utilization		42.03%	47.85%		47.22%	_____%%
5. Days/Nights of Operation		98	113		93%	_____
Policy and Planning:						
6. Capital/Capacity Ratio		$1,576	$1,343		$1,711	$_____
7. Operating Cost/Capacity Ratio		$ 4.40	$ 3.63	21.03%	$ 5.06	$_____
Revenue/Skier Visit:						
Ski Lift Gross		$10.91	$ 9.25	17.94%	$11.35	$_____
Ski School Margin		$ .32	$ .33		$ .27	$_____
Food Service Margin		$ .39	$		$ .37	$_____
Bar Margin		$ .22	$ .17		$ .15	$_____
Ski Shop Margin		$ .22	$ .19		$ .20	$_____
Ski Rental Margin		$ .43	$ .43		$ .31	$_____
Other Margin		$ .10	$ .14		$ .13	$_____
8. Total - Revenue/Skier Visit		$12.59	$10.92	15.29%	$12.78	$_____
Base		(121)	(131)		(61)	$_____

a. Many ski areas are subsidiaries of larger corporations and the tax consequences of their ski area profits (losses) are lost in the consolidation.

b. Many ski areas have loss-carry-forward balances to offset current profits and their current taxes would not reflect normal operations.

In general, the reader seeking the comparable "after tax" return may approximate this by cutting the before tax figure in half (considering both Federal and state income tax liabilities).

This ratio is calculated by dividing profit (loss) before tax (G) by equity (N). Equity includes the invested capital and retained earnings. The reader should be aware of the fact that because of the areas' accumulated losses, 37 percent of the respondents reported negative retained earnings and 12 percent showed no invested capital.

4. Average utilization measures actual skier visits as a percent of capacity skier visits. Capacity skier visits (E) is the product of each individual ski area's calculated capacity times its equivalent days/nights of operation. The 1975-76 survey included a more meaningful estimate of capacity since respondents reported the number of days when all ski lifts were open plus the number of days when operations were limited due to lack of snow cover or other capacity limiting factors. The 1976-77 survey includes nights of operation. The 1977-78 survey incorporates both of these refinements. Actual days/nights of operation were thus adjusted downward to create "equivalent" day/nights of operation. Please note that average skier capacity (C) times days of operation (D) will not equal season capacity (E). This is because season capacity (E) is the sum of all 121 areas' season capacity and is, of course, weighted by both the larger areas and those with longer seasons.

Average utilization is calculated by dividing actual skier visits (F) by computed season capacity (E). Utilization is expressed as a percent of available season capacity.

The last three studies contain a further refinement in calculating capacity due to the different ski area capacity available at night. Thus, the utilization calculation is not comparable to prior years.

5. Days/nights of operation are the actual days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period or at least each area is capable of handling the "comfortable capacity" crowd each period that they are operating. All studies since 1975-76 adjust for this factor by computing equivalent days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.

6. The capital cost/capacity ratio is designed to provide a relative measure of a ski area's site, design and construction attributes. This ratio is calculated by dividing the GFA (L) by the daily, comfortable skier capacity (C). The rationale for obtaining a skier capacity measure was discussed earlier and judgments may be evaluated by referring to Table 15.

7. The operating cost/capacity ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing cash operating costs (K) by season capacity (E). Costs are thus reduced to the cost of providing one skier of capacity for one equivalent day/night of operation. In general, ski areas with a higher than average cash operating cost/season capacity ratio in its appropriate size, location or operating days category may well benefit by taking a close look at expenses.

8. Total revenue/skier is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. Revenue includes gross revenue from ski lift ticket sales, plus the margin or contribution from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

   This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations, year round or summer revenue as they don't relate directly to skier visits.

What the Ratios Mean

1. Ski Industry Health (Debt to Cash Flow): In 1980-81 the ski industry slipped in its ability to retire debt. Average debt obligations are 4.5 times the before tax cash flow. Thus, cash flows are adequate to retire debt in approximately 8 years. (They must first be used to pay income taxes.)

2. Ski Industry Profitability: Operating profit as a percent of Gross Fixed Assets is down precipitously to only 5.5 percent. This large drop is due to a combination of poor snow and rising operating costs.

   Profit before tax on equity is at 4.8 percent, down considerably from the near record 25.2 percent of 1978-79, and the 17.5 percent of 1979-80.

3. Ski Industry Performance: Average skier visits were again down by 15.2 percent, the result of both a much shorter average season and a drop in utilization.

4. Policy and Planning Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm. The capital cost/capacity ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

   The daily cash operating cost/capacity ratio at $4.40 is again up considerably from the 1979-80 and 1978-79 indexes. The change by category looks like this:

	Cash Cost/Skier Visit of Capacity		
	1980-81	1979-80	Change
Ski Lift Direct	$1.59	$1.34	Up 19%
Payroll Taxes	.22	.19	Up 16%
Property Operation	.35	.28	Up 24%
Snowmaking and Snow Removal	.24	.18	Up 32%
General & Administrative, & Miscellaneous	1.07	.80	Up 33%
Marketing	.38	.31	Up 24%
Insurance	.24	.24	Even
Land Use Fees	.14	.16	Down
Property Taxes	.12	.09	Up 33%
Other Taxes	.05	.04	Up 25%
	$4.40	$3.63	Up 21%

5. Revenue per skier visit: The 1980-81 revenue per skier visit was up 15.3 percent. Overall margins remained constant, due most probably to the decrease in utilization. Additional analysis is presented in Chapter VI.

TABLE 32

REVENUE PER SKIER VISIT

	1980-81	1979-80	1978-79	1977-78
Ski Lift Gross	$10.91	$ 9.25	$ 8.47	$ 7.58
Ski School Margin	.32	.33	.31	.34
Food Service Margin	.39	.41	.32	.35
Bar Margin	.22	.17	.18	.13
Ski Shop Margin	.22	.19	.18	.17
Rental Margin	.43	.43	.41	.51
Other Margin	.10	.14	.09	.07
	$12.59	$10.92	$ 9.96	$ 9.15
Base	(121)	(131)	(124)	(114)

V

PROFITABILITY

The 1980-81 ski season again recorded profits that were down from 1978-79 and 1979-80. Only 61 percent of the reporting ski areas showed operating profits. The average ski area in the study reported a 5.5 percent operating profit on Gross Fixed Assets. This resulted in 15.8 percent for the top half of the profitable ski areas and 4.5 percent for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data are presented in three categories, those in the top half of the profitable areas, those in the bottom half of the profitable areas, and those recording losses. Again the reader is urged to read the definitions of profitability used carefully because this chapter treats profitability in a non-typical but hopefully more meaningful way. The definition is operating profit and results in 47 areas with a loss rather than the 55 using traditional methods. However, this analysis permits a number of additional meaningful comparisons to be made, especially when they have varying capital structures. Due to the large number of tables presented, they will be found at the end of the chapter.

The proportion of ski areas showing profits again decreased. Table 33 summarizes six profit indicators.

TABLE 33

HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1980-81	1979-80	1978-79	1977-78
Percent of Ski Areas Reporting Profits	61.16%	74.0%	83.1%	93.0%
Operating Profit on GFA	5.54	12.1	13.8	16.2
Profit (BT) on Equity	4.82	17.5	25.2	32.0
Profit (BT) on GFA	2.02	8.3	10.5	12.6
Profit (BT) Percent of Revenue	5.05	16.4	19.4	22.3
Profit (BT) in Dollars (000)	$112	$348	$378	$389
Base	(121)	(131)	(124)	(114)

This chapter isolates both the physical and economic characteristics of profitable areas and compares them with those recording losses to see if any significant insights can be provided. Table 34 presents a summary of the ski area characteristics divided into three categories of profitability. Tables 35 through 38 contain income statement and balance sheet data in these three categories. The 74 profitable ski areas were based upon their ability to show an operating profit (i.e., before subtracting interest). Eight did record losses after subtracting interest costs. The top half were selected based upon their return to GFA (i.e., as opposed to dollar amount of profits). Table 39 contains the critical economic ratios.

The past reports contained an analysis of the five most telling characteristics of the most profitable ski areas, the loss ski areas, and the three distinguishing characteristics of the bottom profit ski areas. In this report these past characteristics will be evaluated against current findings to evaluate progress or slippage.

Characteristics of the Top Half of the Profitable Ski Areas

The same five characteristics as in past studies are identified as the probable cause for higher profitability.

Probable Cause	Measure	Index[a]
1. Length of Season	113 days/nights	1.15
2. Revenue/Skier Visit	$13.16	1.05
3. Capital Cost/Capacity Ratio	$1,620	1.03
4. Size (VTF/Hour) (000)	7,289	1.28
5. Available Beds	4,321	1.14

Resulting Effect	Measure	Index[a]
Average Utilization	47.0%	1.12
Operating Profit (000)	1,170	3.81
Return on GFA	15.8	2.85

[a] The index represents the relationship of this measure to the average ski area measure.

In each cause measure except beds and length of season, the top profit ski areas gained again in 1980-81. However, the generally poor snow winter took its toll as all measures of effect dropped.

None of the factors alone fully explain the better profitability; however, each favorable factor has a small effect, and together they effect profits dramatically.

1. Length of Season: Typically the top profit ski areas enjoy a relatively longer season. The 37 top profit ski areas recorded 113 "equivalent" days/nights of operation, some 15 percent better than the average and 53 percent above the loss areas. Nevertheless these 113 days/nights were down 16 percent from the 135 "equivalent" days/nights recorded in 1979-80. The relatively favorable season length helped keep the top profit areas relatively profitable. Its effect is shown dramatically in Chapter VIII (Table 74) where the 7 ski areas that ran over 160 days recorded a 13.3 percent operating profit on gross fixed assets.

2. Revenue Per Skier Visit: The most profitable ski areas continue to achieve a higher average revenue per skier visit. This is due mostly to a higher lift ticket price as all ski areas have tightened up on discounting. Net revenue from supporting services did not increase proportionately, as lower utilization levels and a shorter season cut into traditional gross margins. These 37 top profit ski areas recorded revenue per skier visit of $13.16, up 16.5 percent from 1979-80.

3. Capital Cost/Capacity Ratio: The top profit ski areas exceed the average Capital Cost/Capacity ratio again in 1979-80. This was coupled with a higher operating cost/capacity ratio, an additional cause of decreased profitability.

4. Type and Size of Area: The top profit ski areas are found again to be the larger ski areas with a greater local skier housing capability.

Characteristics of the Bottom Half of the Profitable Ski Areas

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is again a lower utilization rate. The cause is not readily apparent. The index or relative measures of the five variables identified as the major reasons for the success of the top profit areas are summarized on the following page.

None of these factors alone explain the poorer profitability. However, the combination of lower revenue per skier visit, and a slightly lower utilization creates only marginal profits. In past studies a high operating cost/season capacity ratio reduced profitability. However, this cost aspect has been significantly reduced over the past four seasons, and in fact continues to illustrate a relatively favorable $4.21 per capacity skier per operating period, less than the industry average of $4.40. Past studies also pointed to a failure to achieve adequate revenue per skier visit, but this past failing again continues to be improved in 1980-81.

Probable Cause	Measure	Index
1. Length of Season	112 days/nights	1.14
2. Revenue/Skier Visit	$12.57	1.00
3. Capital Cost/Capacity Ratio	$1,760	1.12
4. Size (VTF/Hour) (000)	5,639	.99
5. Available Beds	3,418	.90

Resulting Effect	Measure	Index
Average Utilization	42.0%	1.00
Operating Profit (000)	$280	.91
Return on GFA	4.5%	.81

Characteristics of the Loss Ski Areas

The same five probable causes as applied to the loss areas illustrate the following:

Probable Cause	Measure	Index
1. Length of Season	74 days/nights	.76
2. Revenue/Skier Visit	$10.89	.87
3. Capital Cost/Capacity Ratio	$1,325	.84
4. Size (VTF/Hour) (000)	4,506	.79
5. Available Beds	3,694	.97

Resulting Effect	Measure	Index
Average Utilization	31.8%	.76
Operating Profit (000)	($351)	Infinity
Return on GFA	Loss	-

All five causes again combine to create losses. Sixty-one percent of the loss areas were in the Central Rockies and the Pacific Northwest where unusual snow drought occurred.

1. Length of Season: The relatively short operating season is again the major cause. The 47 loss areas averaged 38 days of full operation; 36 days of less than full but better than half open; 18 days of less than half open; and 8 equivalent nights of operation. Their equivalent days/nights amounted to 80 percent of actual days open.

2. Revenue/Skier Visit: Past studies identified discounting as a cause of lost revenue. Revenue per skier visit is 87 percent of the industry average, showing great improvement.

3. Type and Size of Area: The 47 loss areas were somewhat smaller areas but also spread between day, weekend and vacation areas this season.

These identified basic short-comings combine to have a devastating effect on utilization and profitability.

Summary

These various favorable and unfavorable economic characteristics may be summarized using the rule of thumb ratio of total revenue as a percent of GFA to utilization.

	Total	Top Profit	Bottom Profit	Loss
Number of Areas	121	37	37	47
Total Revenue/GFA	40%	53%	38%	22%
Utilization	42%	47%	42%	32%
Factor	0.95	1.13	0.91	0.69
Judgment	Acceptable	Good	Aceeptable	Poor
1979-80 Factor	1.06	1.20	1.08	0.70

A factor of less than 1.00 indicates one or more critical characteristics are out of balance. All factors are down from 1978-79 and 1979-80 levels, illustrating the cumulative effect of the weather.

TABLE 34

AVERAGE SKI AREA CHARACTERISTICS BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
SIZE				
VTF/Hour (000)	5,704	7,289	5,639	4,506
Gross Fixed Assets (000)	$5,543	$7,411	$6,220	$3,540
Skiable Acres	456	548	448	390
LOCATION				
Within 50 Miles of SMSA	31%	24%	38%	17%
With 6+ Areas in 1 Hour	29%	29%	30%	31%
New England	19%	16%	24%	17%
East	12%	27%	11%	2%
Midwest	12%	8%	14%	13%
Central Rockies	22%	19%	8%	32%
Northern Rockies	11%	8%	16%	11%
California and Nevada	12%	14%	19%	6%
Pacific Northwest	12%	8%	8%	29%
SITE CHARACTERISTICS				
Number of Beds at Base	981	2,057	323	653
Number of Beds (10 miles)	3,801	4,321	3,418	3,694
With Snowmaking	55%	68%	65%	38%
With Night Skiing	36%	43%	35%	30%
Terrain: Beginner	25%	26%	29%	21%
Intermediate	49%	48%	49%	51%
Expert	26%	27%	23%	27%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	50%	51%	49%	51%
Engaged in Land Development	39%	46%	38%	34%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	98	113	112	74
Average Peak Day Crowd	3,849	5,548	3,961	2,259
Average Skier Visits (000)	151	245	168	64
Average Age of Ski Areas	23 years	23 years	24 years	22 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	$12.59	$13.16	$12.57	$10.89
Average Lift Ticket Revenue/Skier Visit	$10.91	$11.32	$10.83	$ 9.83
Average Adult Lift Ticket Price (Weekend)	$13.81	$14.93	$14.06	$12.72
Average Adult Lift Ticket Price (Weekday)	$12.46	$13.51	$12.63	$10.97
Average Night Ticket Price	$ 7.83	$ 7.44	$ 8.96	$ 7.22
Average Adult Season Ticket Price	$ 275	$ 305	$ 283	$ 245
Average Utilization	42%	47%	42%	32%
Average Profit (Loss) Before Tax	$ 112	$ 961	$ 32	$ (494)
Ratio: Revenue/GFA	40%	53%	38%	22%
Base	(121)	(37)	(37)	(47)

TABLE 35

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	$5,543	$7,411	$6,220	$3,540	$_____
Revenue:					
Ski Lift Gross - Winter	$1,646	$2,772	$1,815	$ 625	$_____
Ski Lift Gross - Summer	25	56	15	7	_____
Supporting Margin - Winter	286	481	366	71	_____
Supporting Margin - Summer	29	55	24	13	_____
Year Round Margin	235	553	128	68	_____
TOTAL REVENUE	$2,220	$3,917	$2,349	$ 784	$_____
Less:					
Ski Lift Direct Expense	$ 572	$ 804	$ 535	$ 418	$_____
Payroll Taxes	79	106	114	29	_____
Property Operation	125	210	153	36	_____
OPERATIONS MARGIN	$1,445	$2,797	$1,547	$ 300	$_____
Less:					
General & Administrative	$ 340	$ 518	$ 358	$ 187	$_____
Marketing (advertising, public relations, promotion, etc.)	138	184	146	94	_____
Insurance (property, liability)	85	123	98	45	_____
Land Use Fees (public)	40	71	44	11	_____
Land Use Fees (private)	12	14	16	8	_____
Property Taxes	43	69	40	25	_____
Other Taxes (not income)	17	41	6	6	_____
Snowmaking	81	126	101	31	_____
Snow Removal	4	7	3	3	_____
Miscellaneous	43	42	61	30	_____
Depreciation & Amortization	334	433	392	212	_____
OPERATING PROFIT (LOSS)	$ 307	$ 1,170	$ 280	$ (351)	$_____
Less: Interest	195	209	248	143	_____
PROFIT (LOSS) BEFORE TAX	$ 112	$ 961	$ 32	$ (494)	$_____
Base	(121)	(37)	(37)	(47)	_____

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY PROFITABILITY

	Percent of Gross Fixed Assets				Your
	Total	Top Half	Bottom Half	Loss	Ski Area
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:					
Ski Lift Gross - Winter	29.69%	37.40%	29.19%	17.67%	____%
Ski Lift Gross - Summer	0.44	0.75	0.25	0.20	____
Supporting Margin - Winter	5.17	6.48	5.88	2.00	____
Supporting Margin - Summer	0.53	0.75	0.39	0.36	____
Year Round Margin	4.23	7.47	2.06	1.91	____
TOTAL REVENUE	40.06%	52.86%	37.76%	22.14%	____%
Less:					
Ski Lift Direct Expense	10.31%	10.84%	8.60%	11.81%	____%
Payroll Taxes	1.42	1.43	1.83	0.83	____
Property Operation	2.26	2.84	2.46	1.02	____
OPERATIONS MARGIN	26.07%	37.75%	24.87%	8.48%	____%
Less:					
General & Administrative	6.14%	6.99%	5.76%	5.27%	____%
Marketing (advertising, public relations, promotion, etc.)	2.48	2.49	2.35	2.66	____
Insurance (property, liability)	1.53	1.66	1.58	1.26	____
Land Use Fees (public)	0.71	0.96	0.70	0.31	____
Land Use Fees (private)	0.22	0.19	0.26	0.22	____
Property Taxes	0.78	0.93	0.65	0.71	____
Other Taxes (not income)	0.30	0.55	0.10	0.16	____
Snowmaking	1.47	1.70	1.62	0.88	____
Snow Removal	0.08	0.09	0.05	0.09	____
Miscellaneous	0.78	0.57	0.98	0.84	____
Depreciation & Amortization	6.03	5.84	6.30	5.98	____
OPERATING PROFIT (LOSS)	5.54%	15.78%	4.51%	(9.90)%	____%
Less: Interest	3.52	2.82	3.99	4.05	____
PROFIT (LOSS) BEFORE TAX	2.02%	12.96%	0.52%	(13.95)%	____%
Base	(121)	(37)	(37)	(47)	

TABLE 37

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY PROFITABILITY

	Percent of Revenue				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Revenue:					
Ski Lift Gross - Winter	74.11%	70.76%	77.28%	79.80%	____%
Ski Lift Gross - Summer	1.10	1.43	0.65	0.89	____
Supporting Margin - Winter	12.90	12.28	15.58	9.06	____
Supporting Margin - Summer	1.31	1.41	1.02	1.62	____
Year Round Margin	10.57	14.13	5.46	8.64	____
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%
Less:					
Ski Lift Direct Expense	25.75%	20.52%	22.78%	53.33%	____%
Payroll Taxes	3.54	2.70	4.85	3.73	____
Property Operation	5.64	5.37	6.53	4.61	____
OPERATIONS MARGIN	65.09%	71.41%	65.84%	38.33%	%
Less:					
General & Administrative	15.33%	13.22%	15.24%	23.82%	____%
Marketing (advertising, public relations, promotion, etc.)	6.20	4.71	6.23	12.00	____
Insurance (property, liability)	3.83	3.14	4.19	5.71	____
Land Use Fees (public)	1.78	1.82	1.86	1.42	____
Land Use Fees (private)	0.55	0.36	0.69	1.00	____
Property Taxes	1.94	1.75	1.72	3.19	____
Other Taxes (not income)	0.74	1.03	0.26	0.72	____
Snowmaking	3.67	3.22	4.30	3.96	____
Snow Removal	0.20	0.17	0.14	0.41	____
Miscellaneous	1.95	1.08	2.61	3.80	____
Depreciation & Amortization	15.06	11.05	16.68	27.01	____
OPERATING PROFIT (LOSS)	13.83%	29.86%	11.93%	(44.70)%	____%
Less: Interest	8.78	5.34	10.56	18.29	____
PROFIT (LOSS) BEFORE TAX	5.05%	24.52%	1.37%	(62.99)%	____%
Base	(121)	(37)	(37)	(47)	

TABLE 38

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Assets:				
Current Assets	$ 777	$1,329	$ 869	$ 258
Gross Fixed Assets	5,556	7,411	6,220	3,530
Less: Depreciation	(1,847)	(2,534)	(2,173)	(1,033)
Other Assets	908	1,191	881	702
TOTAL ASSETS	$5,394	$7,397	$5,797	$3,457
Liability & Net Worth				
Current Liabilities	$ 706	$ 988	$ 798	$ 405
Long-Term Debt	1,715	2,299	1,739	1,227
Subordinated Debt	339	331	383	309
Deferred Taxes	76	169	48	24
Other Liabilities	210	139	243	240
Net Worth				
Invested	1,521	1,299	1,837	1,445
Retained Earnings	827	2,172	749	(193)
TOTAL LIABILITIES & NET WORTH	$5,394	$7,397	$5,797	$3,457
Base	(120)	(37)	(37)	(46)

TABLE 39

ECONOMIC RATIOS–BY PROFITABILITY

	Total	Top Half	Bottom Half	Loss	Your Ski Area
VTF/Hour (000)	5,704	7,289	5,639	4,506	____
VTF/Hour - Demand/Skier Visit	1,621	1,593	1,596	1,686	____
Skier Capacity	3,518	4,576	3,533	2,673	____
Days/Nights of Operation	98	113	112	74	____
Season Capacity (000)	359	521	399	200	____
Actual Skier Visits (000)	151	245	168	64	____
Profit (Loss) Before Tax (000)	$ 112	$ 961	$ 32	$(494)	$____
Plus: Depreciation (000)	$ 334	$ 433	$ 392	$ 212	$____
Before Tax Cash Flow (000)	$ 453	$1,394	$ 424	$(282)	$____
Operating Profit (Loss) (000)	$ 307	$1,170	$ 280	$(351)	$____
Cash Operating Costs (000)	$1,579	$2,314	$1,677	$ 923	$____
Gross Fixed Assets (000)	$5,543	$7,411	$6,220	$3,540	$____
Secured Debt (000)	$2,037	$2,630	$2,122	$1,504	$____
Equity (000)	$2,328	$3,471	$2,586	$1,225	$____
Critical Ratios					
Health (Debt to Cash Flow)	4.50X	1.89X	5.00X		____X
Profitability:					
Operating Profit on GFA	5.54%	15.79%	4.50%	Loss	____%
Profit (BT) on Equity	4.81%	27.68%	1.24%	Loss	____%
Performance:					
Average Utilization	42.03%	47.00%	42.05%	31.83%	____%
Days/Nights of Operation	98	113	112	74	____
Policy & Planning:					
Capital/Capacity Ratio	$1,576	$1,620	$1,760	$1,325	$____
Operating/Capacity Ratio	$ 4.40	$ 4.44	$ 4.21	$ 4.62	$____
Revenue/Skier Visit:					
Ski Lift Gross	$10.91	$11.32	$10.83	$ 9.83	$____
Ski School Margin	$ .32	$ .40	$ .34	$ .01	$____
Food Service Margin	$ .39	$ .40	$ .48	$ .19	$____
Bar Margin	$ .22	$ .22	$ .23	$ .20	$____
Ski Shop Margin	$ .22	$ .26	$ .22	$ .14	$____
Ski Rental Margin	$ .43	$ .43	$ .43	$ .42	$____
Other Margin	$ .10	$ .14	$ .04	$ .10	$____
Total - Revenue/Skier Visit	$12.59	$13.16	$12.57	$10.89	$____
Base	(121)	(37)	(37)	(47)	

VI

SKI AREA DEPARTMENTAL OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers and each should be organized to provide some contribution to gross margin.

Departmental Operations

Table 40 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "base." For example, only 27 ski areas or 22 percent reported operating accommodations, thus the data shown are from a sample of only 27.

In addition to the departmental direct cost breakdown, Table 40 includes gross sales per skier visit for the seven major categories. These departments account for 85 percent of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 40 will not equate with the average ski industry margins shown with the economic ratios (Table 31). For instance, the bar department margin on Table 40 amounts to $0.36/skier visit, whereas on Table 31 it is shown as $0.22/skier visit. While the industry average is based on all 121 respondents, the Table 40 data is based on only the 68 respondents who have a bar as part of their operation.

One upgraded item involves cost of goods sold in the rental department. The last three surveys asked specifically for including a rental equipment depreciation allowance under cost of goods sold since this equipment is typically replaced every three to five seasons.

Tables 41 through 43 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 44-46) and by geographic region (Chapter VII, Table 58).

Ski Area Concessions

Table 47 summarizes ski area concession operations.

Ski Area Employment

Tables 48 and 49 summarize ski area employment. These 121 ski areas employed an average of 20,100 persons daily. If the balance of the ski areas had similar staffing, the ski area industry employed an average of 40,200 persons daily.

Ski Lift Department Detail

Table 50 contains the ski lift department breakdowns.

Ski Area Insurance Costs

Ski area insurance costs have been a major concern of the industry over the recent past. Seventy ski areas provided data concerning property, etc., and liability insurance costs. Their cost experience was:

Property Insurance Expense	$ 43,493	(43.0%)
Liability Insurance Expense	57,573	(57.0%)
Total Insurance Expense	$101,066	(100.0%)

Fifty-one ski areas lumped their insurance costs together and reported a cost of $67,568. Assuming that the property/liability ratio remains the same for the 51 ski areas who provided only one lumped figure results in allocating 43 percent to property and 57 percent to liability. Thus, the 1980-81 figures probably look like this:

Cost–Property Insurance	$37,387	(43.0%)
Cost–Liability Insurance	49,560	(57.0%)
Cost–Total Insurance	$86,947	(100.0%)

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus the following relationships have been calculated:

Property Insurance	/	Gross Fixed Assets		
$37,387	/	$5,543,174	=	0.7%
Liability Insurance	/	Total Revenue		
$49,560	/	$2,220,000	=	2.2%
Liability Insurance	/	Gross Operating Revenue[a]		
$49,560	/	$2,737,000	=	1.8%

[a] For purposes of this measure Gross Operating Revenue is defined as all gross revenue less real estate and utility departmental revenue and less all concession revenue.

TABLE 40

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
TOTAL SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$10.91	100.0%	- %	21.56%	12.17%	66.26%	(121)
Ski School	1.30	100.0%	-	62.78	9.81	27.41	(97)
Food Service	2.27	100.0%	37.25	30.72	12.15	19.87	(91)
Bar	.81	100.0%	26.54	19.30	9.43	44.73	(68)
Retail	1.35	100.0%	57.39	12.90	4.67	25.05	(66)
Rental	1.05	100.0%	16.20[a]	22.22	7.53	54.06	(86)
Accommodations	-	100.0%	-	29.96	39.47	30.57	(27)
Other	.49	100.0%	8.70	39.70	26.31	25.29	(89)
	$18.18						
YEAR ROUND:							
Real Estate		100.0	-	5.99	9.58	84.43	(20)
Utility		100.0	-	42.86	102.13	(44.99)	(12)
Miscellaneous		100.0	-	3.82	7.33	88.86	(70)
SUMMER SEASON:							
Lift Department		100.0	-	39.75	27.48	32.77	(21)
Food Service		100.0	40.16	43.38	13.61	2.86	(28)
Retail		100.0	57.14	30.99	10.94	.92	(19)
Sports		100.0	-	36.64	43.79	19.56	(20)
Accommodations		100.0	-	38.26	42.85	18.89	(16)
Slide		100.0	-	21.59	11.89	66.52	(11)

[a] Represents retirement and replacement of rental equipment.

TABLE 41

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
TOP PROFIT SKI AREAS, 1980-81

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$11.32	100.0%	- %	17.78%	10.49	71.73%	(37)
Ski School	1.41	100.0	-	62.58	7.67	29.74	(34)
Food Service	2.17	100.0	36.02	30.01	13.58	20.39	(31)
Bar	.79	100.0	24.56	18.81	10.04	46.59	(21)
Retail	1.17	100.0	53.76	12.06	4.71	29.48	(24)
Rental	.96	100.0	16.40[a]	23.04	8.11	52.45	(32)
Accommodations	-	100.0	-	40.75	32.51	26.73	(12)
Other	.58	100.0	11.58	37.94	21.86	28.63	(29)
	$18.39						
YEAR ROUND:							
Real Estate		100.0	-	6.91	11.35	81.74	(12)
Utility		100.0	-	27.20	64.85	7.95	(4)
Miscellaneous		100.0	-	3.66	9.79	86.55	(23)
SUMMER SEASON:							
Lift Department		100.0	-	20.14	15.56	64.30	(10)
Food Service		100.0	36.99	43.24	14.65	5.12	(14)
Retail		100.0	52.49	27.60	7.47	12.44	(9)
Sports		100.0	-	43.08	32.22	24.70	(8)
Accommodations		100.0	-	49.80	39.72	10.48	(9)
Slide		100.0	-	13.49	12.64	73.87	(4)

[a] Represents retirement and replacement of rental equipment.

TABLE 42

AVERAGE SKI AREA FINANCIAL DATA--DEPARTMENTAL MARGIN
BOTTOM PROFIT SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$10.83	100.0%	- %	19.31%	9.66%	71.02%	(37)
Ski School	1.22	100.0	-	53.02	11.90	35.08	(30)
Food Service	2.51	100.0	37.18	29.62	9.07	24.13	(24)
Bar	.77	100.0	27.42	18.92	8.10	45.55	(22)
Retail	1.68	100.0	60.99	12.49	4.02	22.50	(18)
Rental	1.04	100.0	15.11[a]	19.64	4.08	61.17	(26)
Accommodations	-	100.0	-	24.26	43.17	32.57	(11)
Other	.34	100.0	4.09	39.74	45.45	10.73	(27)
	$18.38						
YEAR ROUND:							
Real Estate		100.0	-	4.74	6.99	88.27	(6)
Utility		100.0	-	58.38	142.81	(101.19)	(4)
Miscellaneous		100.0	-	3.65	3.02	93.33	(25)
SUMMER SEASON:							
Lift Department		100.0	-	34.97	20.74	44.29	(6)
Food Service		100.0	46.80	46.14	12.15	(5.08)	(6)
Retail		100.0	61.38	38.10	13.23	(12.70)	(5)
Sports		100.0	-	28.47	61.68	9.85	(9)
Accommodations		100.0	-	30.40	45.68	23.91	(6)
Slide		100.0	-	24.53	5.84	69.63	(3)

[a] Represents retirement and replacement of rental equipment.

TABLE 43

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
LOSS SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$ 9.83	100.0%	- %	39.90%	23.78%	36.32%	(47)
Ski School	1.10	100.0	-	85.01	15.03	(.04)	(33)
Food Service	2.24	100.0	41.41	35.10	13.17	10.33	(36)
Bar	.95	100.0	30.26	21.23	10.11	38.41	(25)
Retail	1.51	100.0	61.34	16.18	5.79	16.68	(24)
Rental	1.42	100.0	17.39[a]	24.00	11.43	47.18	(28)
Accommodations	-	100.0	-	40.54	31.83	27.63	(4)
Other	.44	100.0	3.24	47.16	20.88	28.72	(33)
	$17.48						
YEAR ROUND:							
Real Estate		100.0	-	1.96	2.79	95.25	(2)
Utility		100.0	-	25.88	47.06	27.06	(4)
Miscellaneous		100.0	-	4.83	7.44	87.73	(22)
SUMMER SEASON:							
Lift Department		100.0	-	172.17	114.68	(186.85)	(5)
Food Service		100.0	38.78	39.10	12.82	9.29	(8)
Retail		100.0	62.45	31.65	15.61	(9.70)	(5)
Sports		100.0	-	36.17	15.96	47.87	(3)
Accommodations		100.0	-	76.74	0.00	23.26	(1)
Slide		100.0	-	35.30	12.90	51.80	(4)

[a] Represents retirement and replacement of rental equipment.

TABLE 44

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
VACATION ORIENTED SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$11.26	100.0%	- %	23.04%	12.02%	64.94%	(43)
Ski School	1.55	100.0	-	66.26	9.92	23.82	(36)
Food Service	2.40	100.0	35.18	31.30	13.76	19.77	(33)
Bar	.86	100.0	24.98	19.05	10.76	45.21	(24)
Retail	1.28	100.0	57.02	13.18	4.48	25.32	(25)
Rental	.75	100.0	17.19[a]	24.25	8.47	50.09	(27)
Accommodations	-	100.0	-	27.59	39.96	32.45	(16)
Other	.55	100.0	7.99	34.34	28.87	28.80	(32)
	$18.66						
YEAR ROUND:							
Real Estate		100.0	-	5.39	9.82	84.79	(12)
Utility		100.0	-	43.86	126.89	(70.76)	(7)
Miscellaneous		100.0	-	3.10	3.76	93.14	(28)
SUMMER SEASON:							
Lift Department		100.0	-	38.10	30.99	30.91	(15)
Food Service		100.0	40.29	40.46	11.58	7.67	(14)
Retail		100.0	56.90	37.87	14.44	(9.21)	(9)
Sports		100.0	-	40.35	52.11	7.54	(9)
Accommodations		100.0	-	34.95	40.63	24.42	(10)
Slide		100.0	-	33.01	11.23	55.76	(6)

[a] Represents retirement and replacement of rental equipment.

TABLE 45

AVERAGE SKI AREA FINANCIAL DATA--DEPARTMENTAL MARGIN
DAY SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$ 8.98	100.0%	- %	24.65%	14.92%	60.44%	(52)
Ski School	.86	100.0	-	61.79	13.70	24.51	(41)
Food Service	1.75	100.0	40.08	27.89	10.23	21.80	(41)
Bar	.80	100.0	28.33	18.50	8.11	45.06	(31)
Retail	1.19	100.0	59.72	14.67	5.52	20.09	(29)
Rental	1.56	100.0	15.26[a]	19.40	7.81	57.53	(43)
Accommodations	-	100.0	-	22.15	26.51	51.34	(3)
Other	.30	100.0	2.33	41.46	13.35	42.87	(39)
	$15.43						
YEAR ROUND:							
Real Estate		100.0	-	0.00	5.54	94.46	(3)
Utility		100.0	-	78.95	110.53	(89.47)	(2)
Miscellaneous		100.0	-	4.05	2.91	93.04	(27)
SUMMER SEASON:							
Lift Department		100.0	-	144.78	0.00	(44.78)	(3)
Food Service		100.0	37.34	32.58	10.78	19.30	(5)
Retail		100.0	50.00	11.12	0.00	38.88	(3)
Sports		100.0	-	32.57	23.43	44.00	(5)
Accommodations		-	-	-	-	-	(0)
Slide		100.0	-	23.88	15.17	60.96	(2)

[a] Represents retirement and replacement of rental equipment.

TABLE 46

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
WEEKEND SKI AREAS, 1980-81

	Gross Sales		Less:				
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
WINTER SEASON:							
Ski Lift Department	$11.90	100.0%	- %	16.16%	10.56%	73.28%	(23)
Ski School	1.12	100.0	-	52.36	6.96	40.67	(19)
Food Service	2.52	100.0	40.33	31.50	9.55	18.62	(15)
Bar	.69	100.0	28.69	20.94	7.38	43.00	(13)
Retail	1.71	100.0	56.10	10.92	4.36	28.62	(11)
Rental	1.06	100.0	16.37[a]	24.15	5.65	53.83	(15)
Accommodations	-	100.0	-	47.31	38.61	14.08	(8)
Other	.55	100.0	14.27	51.73	27.93	6.07	(17)
	$19.55						
YEAR ROUND:							
Real Estate		100.0	-	11.96	8.08	79.96	(5)
Utility		100.0	-	38.67	64.45	(3.13)	(3)
Miscellaneous		100.0	-	5.66	20.97	73.37	(15)
SUMMER SEASON:							
Lift Department		100.0	-	31.19	5.50	63.30	(3)
Food Service		100.0	41.08	55.89	20.20	(17.17)	(9)
Retail		100.0	57.80	23.12	6.99	12.10	(7)
Sports		100.0	-	23.71	20.16	56.13	(6)
Accommodations		100.0	-	49.02	50.07	.91	(6)
Slide		100.0	-	12.62	11.74	75.64	(3)

[a] Represents retirement and replacement of rental equipment.

TABLE 47

SKI AREA CONCESSION OPERATIONS

Supporting Departments	Percent of Ski Areas			Average Concession Revenue (000)
	Do Not Have	Own	Concession	
WINTER SEASON:				
Ski School	1.7%	80.2%	18.2%	$11.6
Food Service	0.8	76.0	23.1	59.0
Bar	26.7	59.2	14.2	48.2
Retail Shop	15.7	54.5	29.8	20.1
Rental Shop	8.3	71.1	20.7	27.0
Accommodations	74.8	21.8	3.4	36.8
SUMMER SEASON:				
Food Service	68.6	27.3	4.1	12.2
Retail Shop	80.2	17.4	2.5	4.7
Sports Department	82.6	16.5	0.8	43.0
Accommodations	85.1	14.0	0.8	7.0

TABLE 48

NUMBER OF EMPLOYEES PER AVERAGE DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Rental Shop	Bar	Retail Store	Accom-moda-tions	Other	Total[a]
Total Sample	42	28	24	8	5	5	23	39	139
Geographic:									
New England	35	21	26	5	5	6	30	42	138
East	31	21	29	11	7	3	45	32	130
Midwest	17	4	11	7	4	3	3	17	55
Central Rockies	70	44	28	7	4	5	24	39	175
Northern Rockies	36	32	14	5	9	3	10	16	101
California & Nevada	64	48	42	16	7	9	22	91	251
Pacific Northwest	24	13	18	4	4	4	9	18	82
Type:									
Day	22	14	12	7	3	3	7	17	69
Weekend	47	29	31	11	6	6	15	50	174
Vacation	65	43	39	7	8	7	35	56	210
Weekend Only	5	6	2	2	-	2	-	2	12
Profitability:									
Top Profit	59	42	40	12	9	6	22	60	209
Bottom Profit	47	28	26	7	5	6	32	43	161
Loss	26	15	12	4	3	3	5	17	69
By Size (000) (VTF/Hour):									
Under 1,000	8	6	6	5	1	1	-	6	25
1,000 - 2,499	12	9	6	6	2	2	23	14	50
2,500 - 3,999	21	12	13	6	3	3	9	21	72
4,000 - 5,499	33	22	24	6	7	3	26	27	118
Over 5, 500	80	51	48	11	8	9	26	69	249

[a] Will not add due to various different base responses.

TABLE 49

NUMBER OF EMPLOYEES PER PEAK DAY BY DEPARTMENTS

	Lift	Ski School	Food Service	Rental Shop	Bar	Retail Store	Accom-moda-tions	Other	Total[a]
Total Sample	55	52	36	12	9	8	34	52	207
Geographic:									
New England	53	51	39	9	8	11	37	68	232
East & Ontario	44	42	41	18	13	5	68	40	200
Midwest	26	11	26	14	9	5	31	23	112
Central Rockies	81	79	40	10	6	8	41	45	243
Northern Rockies	47	51	24	9	11	5	14	24	150
California & Nevada	78	68	49	20	9	11	24	106	307
Pacific Northwest	36	36	28	9	7	7	13	29	146
Type:									
Day	33	39	22	12	5	5	11	28	129
Weekend	61	45	40	14	10	8	17	58	228
Vacation	80	70	54	12	12	12	53	74	295
Weekend Only	8	16	4	5	-	5	-	4	27
Profitability:									
Top Profit	72	74	52	18	14	10	36	79	297
Bottom Profit	62	49	39	12	8	10	43	56	231
Loss	36	35	21	8	5	5	7	24	116
By Size (000) (VTF/Hour):									
Under 1,000	12	19	9	9	1	3	-	13	51
1,000 - 2,499	17	22	11	10	4	4	35	19	85
2,500 - 3,999	35	33	26	12	6	5	12	29	134
4,000 - 5,499	46	46	37	11	11	6	43	35	191
Over 5, 500	97	85	64	16	12	14	34	91	341

[a] Will not add due to various different base responses.

TABLE 50

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY PROFITABILITY

	Total Sample	High	Low	Loss	Your Ski Area
SKI LIFT GROSS:					
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	____%
LESS:					
Ski Lift Payroll	7.68	6.33	7.62	12.90	____
Ski Patrol Payroll	3.69	3.03	2.80	8.43	____
Slope Maintenance Payroll	2.62	2.22	1.74	6.35	____
Maintenance & Repair Payroll	4.53	3.97	3.42	9.45	____
Ticket Sales Payroll	1.40	1.19	1.28	2.51	____
Other Payroll	2.04	1.42	2.72	2.57	____
TOTAL PAYROLL	21.96	18.16	19.58	42.22	____
OTHER DIRECT	11.96	10.37	8.97	25.54	____
GROSS MARGIN	66.07%	71.47%	71.45%	32.24%	____%
Base:	(87)	(27)	(27)	(33)	

VII

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Table 51 summarizes the significant ski area characteristics, while Table 52 presents the eight critical variables by geographic location. Tables 53-55 contain average regional area income statements compared to both gross fixed assets and revenue. Table 56 illustrates lift department direct costs. Table 57 breaks out the regional balance sheets. Table 58 summarizes departmental breakdowns. Again due to the large number of tables, they all appear at the end of the chapter.

Observations

The larger areas are found in the Rockies and the West where the mountains are larger and the snow cover deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas while the other sections are heavy on day use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking. Divisions of terrain by difficulty appear rather standard all across the nation. This can be misleading as each ski area classifies their terrain in relation to other terrain at that area. What in Colorado may be more difficult (intermediate) might be most difficult (expert) in Wisconsin.

Variations in profitability are most evident when analyzing data on this geographic regional breakdown. Winter weather is the most significant factor, followed by population concentrations.

Table 50-A summarizes the critical performance variable operating profit on GFA for each region over the past five seasons. The California-Nevada region illustrates the most consistently high returns combining reasonable winter weather patterns with a high population concentration.

New England ski areas enjoyed a resurgence where all measures improved. Midwest ski areas continue with poor results, based mainly on a low utilization.

The East and Ontario region illustrates remarkable balance in the critical factors resulting in excellent earning power and a steady annual performance. They, too, are blessed with high population concentrations, fickle weather patterns and relatively short seasons. However, with a

dependance on snowmaking, a high proportion (80 percent) of night operations, an above average utilization, reasonable revenue per skier visit, and control over operating costs these "banana belt" ski areas continue to deserve high marks.

The Central Rockies areas dropped steeply due to low snow. Typically profitability is high based on long seasons, high utilizations, high revenues per skier visit and a high operating cost/capacity ratio. The Central Rockies areas have the highest concentration of vacation oriented ski resorts.

Typically the Northern Rockies areas achieve a rather steady 16 percent return with lower prices and revenue per skier visit coupled with considerably lower operating cost/capacity ratios. They too show a steep drop in 1980-81 due to adverse snow conditions.

The Pacific Northwest region ski areas, including five Western Canadian ski areas, have a distinctly different business philosophy. Prices, revenue per skier visit, operating cost and utilization are all well below ski industry averages. The results, as measured by operating profit on GFA, are the lowest recorded by region.

TABLE 50A

FIVE YEAR COMPARISON
OPERATING PROFIT ON GFA

	1976-77	1977-78	1978-79	1979-80	1980-81
New England	11.2%	9.5%	7.8%	Loss	6.0%
East & Ontario	14.0	24.7	12.0	10.3%	11.8
Midwest	10.2	11.8	3.7	2.5	2.6
Central Rockies	Loss	15.9	18.4	19.2	3.9
Northern Rockies		16.9	16.3	16.4	3.8
California & Nevada	Loss	27.4	20.0	23.9	9.5
Pacific Northwest		15.3	8.3	11.0	0.3
TOTAL SAMPLE	1.6%	16.2%	13.8%	12.1%	5.5%

TABLE 51

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SIZE							
VTF/Hour (000)	5,726	3,125	2,206	7,419	5,950	8,490	5,634
Gross Fixed Assets (000)	$5,868	$4,171	$1,726	$9,459	$3,305	$6,981	$4,104
Skiable Acres	169	116	95	461	856	662	986
LOCATION							
Within 50 Miles of SMSA	26%	40%	43%	12%	57%	33%	20%
With 6+ Areas in 1 Hour	83%	20%	7%	16%	14%	40%	0%
SITE CHARACTERISTICS							
Number of Beds at Base	390	106	143	2,367	694	2,263	220
Number of Beds (10 Miles)	2,268	1,503	1,167	8,504	2,207	7,807	554
With Snowmaking	83%	93%	86%	52%	14%	33%	13%
With Night Skiing	17%	80%	79%	4%	43%	13%	47%
Terrain: Beginner	26%	27%	28%	25%	18%	28%	23%
Intermediate	50%	50%	50%	46%	53%	50%	49%
Expert	22%	26%	24%	29%	30%	22%	29%
BUSINESS CHARACTERISTICS							
Operating With USFS Permit	26%	0%	14%	88%	86%	67%	60%
Engaged in Land Development	57%	33%	50%	32%	29%	27%	40%
OPERATIONAL CHARACTERISTICS							
Average Days/Nights of Operation	81	108	110	91	101	100	108
Average Peak Day Crowd	3,713	3,824	1,942	3,838	3,137	5,892	3,988
Average Skier Visits (000)	139	142	60	194	124	250	118
Average Age of Ski Areas	26	20	24	23	24	21	20
ECONOMIC CHARACTERISTICS							
Average Revenue/Skier Visit	$14.33	$11.66	$11.98	$12.61	$10.03	$14.55	$ 9.13
Avg. Lift Ticket Revenue/S-V	$11.52	$ 9.37	$ 9.34	$11.66	$ 9.03	$13.02	$ 7.69
Avg. Adult Lift Ticket Price (Weekend)	$15.27	$14.13	$13.32	$14.18	$11.46	$14.53	$12.53
Avg. Adult Lift Ticket Price (Weekday)	$12.59	$10.65	$10.75	$13.66	$10.71	$14.47	$11.63
Average Night Ticket Price	$ 7.25	$ 7.83	$ 7.71	$ 7.00	$ 7.25	$ 8.00	$ 8.89
Avg. Adult Season Ticket Price	$ 310	$ 219	$ 202	$ 326	$ 235	$ 353	$ 244
Average Utilization	41%	61%	23%	56%	39%	39%	31%
Average Profit (Loss) Before Tax	$ 144	$ 353	$ (50)	$ 70	$ 7	$ 440	$ (186)
Ratio: Revenue/GFA	41%	44%	45%	34%	41%	56%	24%
Base	(23)	(15)	(14)	(25)	(14)	(15)	(15)

TABLE 52

ECONOMIC RATIOS–BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
VTF/Hour (000)	5,726	3,125	2,206	7,419	5,950	8,490	5,634
VTF/Hour - Demand/Skier Visit	1,500	1,500	1,000	2,000	2,000	1,500	1,498
Skier Capacity	3,818	2,084	2,206	3,710	2,975	5,660	3,761
Days/Nights of Operation	81	108	110	91	101	100	108
Season Capacity (000)	340	231	255	349	318	645	381
Actual Skier Visits (000)	139	142	60	194	124	250	118
Profit (Loss) Before Tax (000)	$ 144	$ 353	$ (50)	$ 70	$ 7	$ 440	$ (186)
Plus: Depreciation (000)	$ 303	$ 253	$ 105	$ 568	$ 198	$ 530	$ 221
Before Tax Cash Flow (000)	$ 447	$ 606	$ 55	$ 638	$ 205	$ 970	$ 35
Operating Profit (Loss) (000)	$ 352	$ 493	$ 44	$ 368	$ 125	$ 666	$ 12
Cash Operating Costs (000)	$1,747	$1,090	$ 626	$2,311	$1,031	$2,682	$ 885
Gross Fixed Assets (000)	$5,868	$4,171	$1,726	$9,459	$3,305	$6,981	$4,104
Secured Debt (000)	$1,682	$1,091	$ 501	$4,987	$1,209	$1,151	$1,707
Equity (000)	$1,412	$1,930	$ 422	$5,162	$1,447	$3,479	$ 859
Critical Ratios							
Health (Debt to Cash Flow)	3.76X	1.80X	9.11X	7.82X	5.90X	1.19X	48.78X
Profitability:							
Operating Profit on GFA	6.00%	11.82%	2.55%	3.89%	3.78%	9.54%	.29%
Profit (BT) on Equity	10.20%	18.29%	Loss	1.36%	.48%	12.65%	Loss
Performance:							
Average Utilization	40.73%	61.22%	23.48%	55.68%	39.02%	38.73%	30.91%
Days/Nights of Operation	81	108	110	91	101	100	108
Policy & Planning:							
Capital/Capacity Ratio	$1,537	$2,002	$ 782	$2,550	$1,111	$1,233	$1,091
Operating/Capacity Ratio	$ 5.13	$ 4.71	$ 2.45	$ 6.63	$ 3.24	$ 4.16	$ 2.32
Revenue/Skier Visit:							
Ski Lift Gross	$11.52	$ 9.37	$ 9.34	$11.66	$ 9.03	$13.02	$ 7.69
Ski School Margin	$ .40	$ .60	$ .05	$ .33	$ .17	$ .36	$ (.05)
Food Service Margin	$ .73	$ .38	$ .58	$ .24	$ .19	$ .30	$ .51
Bar Margin	$ .46	$ .30	$ .50	$ .05	$ .09	$ .09	$ .43
Ski Shop Margin	$ .45	$ .19	$ .28	$ .11	$ .11	$ .29	$ .12
Ski Rental Margin	$ .53	$ .81	$ 1.30	$ .23	$ .08	$ .41	$ .28
Other Margin	$ .24	$ .01	$ (.07)	$ (.02)	$ .36	$ .08	$ .16
Total - Revenue/Skier Visit	$14.33	$11.66	$11.98	$12.61	$10.03	$14.55	$ 9.13
Base	(23)	(15)	(14)	(25)	(14)	(15)	(15)

TABLE 53

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Gross Fixed Assets	$5,868	$4,171	$1,726	$9,459	$3,305	$6,981	$4,104
Revenue:							
Ski Lift Gross - Winter	$1,598	$1,326	$ 560	$2,264	$1,122	$3,251	$ 906
Ski Lift Gross - Summer	30	1	0	15	20	107	0
Supporting Margin - Winter	468	388	184	189	133	391	203
Supporting Margin - Summer	96	94	16	(6)	4	(17)	3
Year Round Margin	210	27	15	785	76	146	6
TOTAL REVENUE	$2,402	$1,836	$ 775	$3,247	$1,354	$3,878	$1,118
Less:							
Ski Lift Direct Expense	$ 439	$ 362	$ 165	$1,097	$ 465	$ 796	$ 364
Payroll Taxes	117	44	35	76	55	173	27
Property Operation	265	52	45	80	36	291	53
OPERATIONS MARGIN	$1,582	$1,378	$ 530	$1,995	$ 798	$2,618	$ 674
Less:							
General & Administrative	$ 335	$ 216	$ 167	$ 461	$ 248	$ 650	$ 211
Marketing (advertising, public relations, promotion, etc.)	190	113	51	227	60	133	91
Insurance (property, liability)	90	86	58	95	61	145	48
Land Use Fees (public)	35	0	2	67	18	104	31
Land Use Fees (private)	7	3	9	25	31	0	5
Property Taxes	40	26	18	49	32	105	26
Other Taxes (not income)	36	6	18	24	4	7	3
Snowmaking	176	170	40	64	8	65	2
Snow Removal	2	1	1	3	4	10	10
Miscellaneous	18	11	16	44	9	202	12
Depreciation & Amortization	303	253	105	568	198	530	221
OPERATING PROFIT (LOSS)	$ 352	$ 493	$ 44	$ 368	$ 125	$ 666	$ 12
Less: Interest	208	140	94	298	118	226	198
PROFIT (LOSS) BEFORE TAX	$ 144	$ 353	$ (50)	$ 70	$ 7	$ 440	$ (186)
Base	(23)	(15)	(14)	(25)	(14)	(15)	(15)

TABLE 54

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Gross Fixed Assets						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:							
Ski Lift Gross - Winter	27.23%	31.78%	32.43%	23.94%	33.94%	46.56%	22.07%
Ski Lift Gross - Summer	0.52	0.03	0.00	0.16	0.59	1.53	0.01
Supporting Margin - Winter	7.98	9.30	10.66	2.00	4.02	5.61	4.95
Supporting Margin - Summer	1.64	2.25	0.93	(0.06)	0.11	(0.24)	0.08
Year Round Margin	3.58	0.65	0.87	8.30	2.30	2.09	0.14
TOTAL REVENUE	40.94%	44.01%	44.89%	34.33%	40.97%	55.55%	27.24%
Less:							
Ski Lift Direct Expense	7.47%	8.68%	9.56%	11.60%	14.08%	11.41%	8.87%
Payroll Taxes	2.00	1.06	2.03	0.80	1.67	2.47	0.66
Property Operation	4.52	1.24	2.60	0.85	1.08	4.17	1.28
OPERATIONS MARGIN	26.95%	33.04%	30.68%	21.09%	24.14%	37.50%	16.43%
Less:							
General & Administrative	5.70%	5.19%	9.69%	4.87%	7.51%	9.31%	5.14%
Marketing (advertising, public relations, promotion, etc.)	3.23	2.71	2.95	2.40	1.83	1.91	2.22
Insurance (property, liability)	1.53	2.06	3.38	1.00	1.84	2.08	1.18
Land Use Fees (public)	0.59	0.00	0.12	0.70	0.56	1.49	0.75
Land Use Fees (private)	0.13	0.07	0.54	0.27	0.93	0.00	0.12
Property Taxes	0.67	0.62	1.06	0.52	0.98	1.51	0.62
Other Taxes (not income)	0.61	0.14	1.04	0.26	0.13	0.09	0.08
Snowmaking	2.99	4.07	2.33	0.68	0.23	0.94	0.04
Snow Removal	0.03	0.03	0.05	0.03	0.13	0.15	0.26
Miscellaneous	0.30	0.26	0.90	0.46	0.26	2.90	0.32
Depreciation & Amortization	5.16	6.07	6.07	6.00	5.99	7.59	5.39
OPERATING PROFIT (LOSS)	5.99%	11.82%	2.55%	3.89%	3.77%	9.53%	0.30%
Less: Interest	3.54	3.36	5.42	3.15	3.56	3.23	4.83
PROFIT (LOSS) BEFORE TAX	2.45%	8.46%	(2.87)%	0.74%	0.21%	6.30%	(4.54)%
Base	(23)	(15)	(14)	(25)	(14)	(15)	(15)

TABLE 55

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Revenue						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Revenue:							
Ski Lift Gross - Winter	66.52%	72.21%	72.26%	69.72%	82.85%	83.83%	81.00%
Ski Lift Gross - Summer	1.27	0.06	0.00	0.46	1.45	2.75	0.04
Supporting Margin - Winter	19.48	21.14	23.74	5.82	9.82	10.09	18.17
Supporting Margin - Summer	4.00	5.12	2.06	(0.17)	0.27	(0.43)	0.29
Year Round Margin	8.74	1.47	1.94	24.17	5.61	3.77	0.51
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Less:							
Ski Lift Direct Expense	18.25%	19.72%	21.34%	33.78%	34.37%	20.54%	32.55%
Payroll Taxes	4.88	2.40	4.52	2.34	4.07	4.45	2.42
Property Operation	11.03	2.82	5.80	2.46	2.63	7.50	4.72
OPERATIONS MARGIN	65.83%	75.07%	68.35%	61.43%	58.93%	67.51%	60.32%
Less:							
General & Administrative	13.93%	11.79%	21.58%	14.19%	18.32%	16.75%	18.88%
Marketing (advertising, public relations, promotion, etc.)	7.90	6.15	6.58	6.98	4.46	3.44	8.14
Insurance (property, liability)	3.74	4.69	7.52	2.91	4.48	3.74	4.34
Land Use Fees (public)	1.45	0.00	0.28	2.05	1.36	2.68	2.77
Land Use Fees (private)	0.31	0.16	1.20	0.78	2.26	0.01	0.45
Property Taxes	1.65	1.40	2.36	1.52	2.40	2.71	2.28
Other Taxes (not income)	1.50	0.33	2.31	0.75	0.32	0.17	0.30
Snowmaking	7.33	9.26	5.16	1.97	0.55	1.69	0.16
Snow Removal	0.08	0.08	0.10	0.09	0.31	0.26	0.94
Miscellaneous	0.74	0.58	2.00	1.34	0.63	5.22	1.17
Depreciation & Amortization	12.59	13.80	13.52	17.48	14.63	13.67	19.80
OPERATING PROFIT (LOSS)	14.62%	26.83%	5.73%	11.34%	9.21%	17.16%	1.09%
Less: Interest	8.66	7.63	12.08	9.17	8.70	5.82	17.73
PROFIT (LOSS) BEFORE TAX	5.96%	19.20%	(6.35)%	2.17%	0.51%	11.34%	(16.65)%
Base	(23)	(15)	(14)	(25)	(14)	(15)	(15)

TABLE 56

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SKI LIFT GROSS:							
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
LESS:							
Ski Lift Payroll	6.88	5.65	6.77	9.26	8.59	6.24	9.00
Ski Patrol Payroll	2.19	1.04	0.89	5.96	4.90	2.53	3.55
Slope Maintenance Payroll	1.69	1.49	1.66	3.98	1.50	2.31	2.75
Maintenance & Repair Payroll	3.18	2.64	3.54	6.18	4.51	3.54	6.54
Ticket Sales Payroll	1.41	1.27	1.72	1.88	1.45	0.63	1.85
Other Payroll	0.78	2.55	1.70	2.30	4.41	0.54	1.41
TOTAL PAYROLL	16.14%	14.63%	16.29%	29.55%	25.36%	15.79%	25.10%
OTHER DIRECT	8.38%	11.84%	9.38%	16.91%	11.20%	7.78%	16.53%
GROSS MARGIN	75.48%	73.52%	74.33%	53.53%	63.45%	76.42%	58.36%
Base	(21)	(6)	(8)	(22)	(10)	(10)	(10)

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Assets							
Current Assets	$ 699	$ 712	$ 204	$ 1,395	$ 560	$1,047	$ 392
Gross Fixed Assets	5,953	4,171	1,726	9,459	3,305	6,981	4,104
Less: Depreciation	(2,540)	(1,490)	(715)	(1,962)	(1,218)	(3,038)	(1,452)
Other Assets	785	328	141	2,605	467	573	306
TOTAL ASSETS	$4,897	$3,721	$1,356	$11,497	$3,114	$5,563	$3,350
Liabilities & Net Worth							
Current Liabilities	$ 811	$ 531	$ 426	$ 1,088	$ 341	$ 740	$ 656
Long-Term Debt	1,086	985	440	4,325	1,152	983	1,471
Subordinated Debt	672	106	60	661	57	168	237
Deferred Taxes	105	80	8	178	29	44	0
Other Liabilities	746	89	0	83	88	149	127
Net Worth							
Invested	1,052	863	229	3,729	1,034	1,504	863
Retained Earnings	424	1,067	193	1,433	413	1,975	(4)
TOTAL LIABILITIES & NET WORTH	$4,897	$3,721	$1,356	$11,497	$3,114	$5,563	$3,350
Base	(22)	(15)	(14)	(25)	(14)	(15)	(15)

TABLE 58

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
NEW ENGLAND SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$11.52	100.0%	- %	16.16%	8.92%	74.92%	(23)
Ski School	1.12	100.0	-	53.99	8.16	37.85	(20)
Food Service	2.63	100.0	35.30	25.02	10.06	29.63	(19)
Bar	.88	100.0	24.36	14.30	5.98	55.36	(18)
Retail	1.97	100.0	55.93	11.04	4.86	28.17	(12)
Rental	.83	100.0	12.99[a]	15.23	4.77	67.01	(19)
Accommodations	-	100.0	-	22.77	32.49	44.73	(7)
Other	.52	100.0	4.70	26.02	10.97	58.31	(18)
	$19.48						
YEAR ROUND:							
Real Estate		100.0	-	6.00	9.72	84.28	(7)
Utility		100.0	-	30.74	67.32	1.95	(4)
Miscellaneous		100.0	-	9.37	19.58	71.05	(17)
SUMMER SEASON:							
Lift Department		100.0	-	73.86	50.00	(23.86)	(9)
Food Service		100.0	41.57	38.08	11.21	9.15	(12)
Retail		100.0	53.86	34.44	11.92	(.22)	(10)
Sports		100.0	-	37.81	45.72	16.46	(9)
Accommodations		100.0	-	30.12	41.88	28.00	(7)
Slide		100.0	-	20.17	10.22	69.60	(5)

[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
EAST & ONTARIO SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$ 9.37	100.0%	- %	14.38%	12.86%	72.76%	(15)
Ski School	1.15	100.0	-	39.88	7.47	52.65	(14)
Food Service	1.80	100.0	40.64	27.42	9.69	22.25	(10)
Bar	1.28	100.0	28.39	21.31	7.47	42.83	(5)
Retail	1.10	100.0	58.00	12.09	2.27	27.64	(7)
Rental	1.67	100.0	14.91[a]	15.85	5.71	63.53	(11)
Accommodations	-	100.0	-	23.80	54.90	21.30	(5)
Other	.32	100.0	7.39	52.53	39.88	.19	(12)
	$16.69						
YEAR ROUND:							
Real Estate		100.0	-	15.76	11.43	72.81	(2)
Utility		100.0	-	77.27	312.50	(289.77)	(1)
Miscellaneous		100.0	-	5.36	6.98	87.66	(8)
SUMMER SEASON:							
Lift Department		100.0	-	64.71	5.88	29.41	(1)
Food Service		100.0	33.33	33.85	12.48	20.34	(4)
Retail		100.0	51.91	14.50	1.53	32.06	(2)
Sports		100.0	-	39.39	48.72	11.89	(6)
Accommodations		100.0	-	32.39	38.03	29.58	(2)
Slide		100.0	-	12.67	12.67	74.66	(3)

[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
MIDWEST SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$ 9.34	100.0%	- %	18.84%	10.69%	70.47	(14)
Ski School	.40	100.0	-	68.83	16.19	14.98	(11)
Food Service	2.45	100.0	40.70	29.03	6.43	23.84	(13)
Bar	1.42	100.0	27.60	21.12	9.92	41.36	(11)
Retail	1.53	100.0	59.87	15.86	4.31	19.96	(11)
Rental	2.12	100.0	15.86[a]	17.49	5.23	61.42	(14)
Accommodations	-	100.0	-	24.24	22.80	52.96	(4)
Other	.36	100.0	2.82	120.57	1.61	(25.00)	(11)
	$17.63						
YEAR ROUND:							
Real Estate		100.0	-	0.00	0.00	100.00	(2)
Utility		100.0	-	150.00	1000.00	(1,050.00)	(1)
Miscellaneous		100.0	-	0.61	13.42	85.97	(6)
SUMMER SEASON:							
Lift Department		-	-	-	-	-	(0)
Food Service		100.0	46.24	36.99	4.05	12.72	(3)
Retail		100.0	46.15	15.38	0.00	38.46	(2)
Sports		100.0	-	22.16	19.07	58.76	(5)
Accommodations		100.0	-	25.00	35.37	39.63	(2)
Slide		-	-	-	-	-	(0)

[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
CENTRAL ROCKIES SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$11.66	100.0%	- %	30.92%	16.96%	52.12%	(25)
Ski School	2.10	100.0	-	73.46	8.69	17.85	(20)
Food Service	2.40	100.0	34.94	35.36	18.32	11.39	(18)
Bar	.43	100.0	31.97	26.30	17.61	24.13	(11)
Retail	.88	100.0	60.55	15.74	4.69	19.02	(16)
Rental	.92	100.0	19.65[a]	28.61	13.63	38.11	(16)
Accommodations	-	100.0	-	55.36	17.46	27.18	(1)
Other	.42	100.0	20.43	38.88	51.18	(10.48)	(17)
	$18.81						
YEAR ROUND:							
Real Estate		100.0	-	5.74	9.53	84.72	(5)
Utility		100.0	-	0.00	0.00	100.00	(2)
Miscellaneous		100.0	-	1.41	2.39	96.20	(16)
SUMMER SEASON:							
Lift Department		100.0	-	43.13	43.67	13.21	(5)
Food Service		100.0	36.36	61.36	19.48	(17.21)	(4)
Retail		100.0	60.93	26.05	17.21	(4.19)	(4)
Sports		-	-	-	-	-	(0)
Accommodations		100.0	-	236.84	84.21	(221.05)	(1)
Slide		100.0	-	54.47	14.55	30.98	(3)

[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
NORTHERN ROCKIES SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$ 9.03	100.0%	- %	25.75%	11.81%	62.44%	(14)
Ski School	1.03	100.0	-	66.96	14.21	18.82	(10)
Food Service	1.90	100.0	40.24	32.33	10.10	17.33	(9)
Bar	1.08	100.0	32.22	21.22	18.07	28.49	(5)
Retail	1.14	100.0	52.22	10.84	1.97	34.98	(2)
Rental	.77	100.0	26.99[a]	25.66	4.87	42.48	(5)
Accommodations	-	100.0	-	27.14	49.18	23.67	(2)
Other	.42	100.0	1.96	1.36	2.11	94.58	(11)
	$15.37						
YEAR ROUND:							
Real Estate		100.0	-	0.00	13.87	86.13	(1)
Utility		100.0	-	47.83	56.52	(4.35)	(2)
Miscellaneous		100.0	-	0.32	1.38	98.30	(9)
SUMMER SEASON:							
Lift Department		100.0	-	131.39	93.80	(125.19)	(2)
Food Service		100.0	55.36	42.86	26.79	(25.00)	(1)
Retail		-	-	-	-	-	(0)
Sports		-	-	-	-	-	(0)
Accommodations		100.0	-	50.00	25.00	25.00	(1)
Slide		-	-	-	-	-	(0)

[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
CALIFORNIA/NEVADA SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$13.02	100.0%	- %	16.10%	8.06%	75.84%	(15)
Ski School	1.15	100.0	-	54.92	8.46	36.62	(11)
Food Service	2.05	100.0	42.39	35.83	9.69	12.08	(9)
Bar	.27	100.0	28.45	22.10	4.42	45.03	(5)
Retail	1.42	100.0	56.04	9.67	4.04	30.25	(9)
Rental	.94	100.0	16.87[a]	27.94	6.67	48.53	(13)
Accommodations	-	100.0	-	59.44	26.74	13.82	(4)
Other	.78	100.0	9.33	51.63	27.88	11.16	(8)
	$19.63						
YEAR ROUND:							
Real Estate		100.0	-	9.09	4.55	86.36	(2)
Utility		100.0	-	45.02	67.77	(12.80)	(1)
Miscellaneous		100.0	-	0.00	1.15	98.85	(9)
SUMMER SEASON:							
Lift Department		100.0	-	7.76	2.57	89.67	(3)
Food Service		100.0	45.00	80.00	28.06	(53.06)	(3)
Retail		100.0	83.93	64.29	3.57	(51.79)	(1)
Sports		-	-	-	-	-	(0)
Accommodations		100.0	-	73.00	48.74	(21.74)	(3)
Slide		-	-	-	-	-	(0)

[a] Represents retirement and replacement of rental equipment.

TABLE 58 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
PACIFIC NORTHWEST SKI AREAS, 1980-81

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Gross Margin	Base
	Per S-V	%					
WINTER SEASON:							
Ski Lift Department	$ 7.69	100.0%	- %	24.03%	16.07%	59.90%	(15)
Ski School	.66	100.0	-	80.93	29.71	(10.64)	(11)
Food Service	2.10	100.0	35.15	28.39	10.78	25.67	(13)
Bar	.98	100.0	23.23	20.09	10.10	46.58	(13)
Retail	1.17	100.0	58.73	20.31	7.66	13.30	(9)
Rental	.78	100.0	14.30[a]	27.79	10.04	47.87	(8)
Accommodations	-	100.0	-	43.06	31.45	25.49	(4)
Other	.43	100.0	1.21	30.62	24.74	43.44	(12)
	$13.80						
YEAR ROUND:							
Real Estate		100.0	-	0.00	0.00	100.00	(1)
Utility		100.0	-	15.38	84.62	0.00	(1)
Miscellaneous		100.0	-	21.95	4.88	73.17	(5)
SUMMER SEASON:							
Lift Department		100.0	-	116.67	66.67	(83.33)	(1)
Food Service		100.0	35.85	35.85	10.19	18.11	(1)
Retail		-	-	-	-	-	(0)
Sports		-	-	-	-	-	(0)
Accommodations		-	-	-	-	-	(0)
Slide		-	-	-	-	-	(0)

[a] Represents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE; DAY, WEEKEND, VACATION AND WEEKEND ONLY SKI AREAS; AND LENGTH OF SKI SEASON

Several additional computer runs provide the same data by other distinct categories. This chapter presents this data with a brief discussion of relevant findings. Because of the large number of tables, they follow the text.

Characteristics by Size

Tables 59 through 65 contain all the various statistics by ski area size. Categories divide ski areas by total VTF/hour into five increments. The category "under 1,000" contains the smallest areas while "over 5,500" has the giants. In general, profitability increases as ski areas get larger.

Characteristics by Day, Weekend, Vacation and Weekend Only Areas

Tables 66 through 72 contain the statistics by ski area type. This category refers to areas designed to serve functional markets. Areas may be defined as day use oriented where skiers commute from home for the day; weekend use oriented where skiers typically spend one or two overnights at the areas, typically on weekend outings; and vacation use oriented where average stays are seven days. Typically during the 1980-81 season weekend areas fared better. Profitability is best at vacation oriented ski areas where utilization is also generally higher.

Characteristics by Length of Ski Season

Ski areas are characteristically high fixed cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season is a critical variable to profitability. Again, the key measure, operating profit on GFA, increased almost directly with the length of the season.

TABLE 59

AVERAGE SKI AREA CHARACTERISITICS–BY SIZE (000 VTF/HOUR)

	Under 1,000	1,000 - 2,499	2,500 - 3,999	4,000 - 5,499	5,500+
SIZE					
VTF/Hour (000)	703	1,556	3,351	4,743	10,750
Gross Fixed Assets (000)	$1,117	$1,522	$2,334	$4,169	$11,106
Skiable Acres	135	82	287	428	840
LOCATION					
Within 50 Miles of SMSA	50%	30%	39%	32%	23%
With 6+ Areas in 1 Hour	0%	19%	35%	32%	35%
New England	17%	15%	26%	23%	16%
East	50%	19%	9%	18%	2%
Midwest	17%	30%	13%	9%	0%
Central Rockies	17%	19%	17%	18%	28%
Northern Rockies	0%	4%	13%	14%	16%
California & Nevada	0%	7%	9%	0%	23%
Pacific Northwest	0%	7%	13%	18%	14%
SITE CHARACTERISTICS					
Number of Beds at Base	17	81	54	232	2,560
Number of Beds (10 Miles)	838	2,565	938	2,275	7,303
With Snowmaking	83%	56%	52%	73%	44%
With Night Skiing	67%	44%	44%	36%	21%
Terrain: Beginner	28%	29%	24%	22%	24%
Intermediate	49%	48%	51%	54%	47%
Expert	23%	23%	25%	25%	29%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	0%	33%	44%	50%	72%
Engaged in Land Development	0%	30%	22%	64%	47%
OPERATIONAL CHARACTERISTICS					
Average Days/Nights of Operation	82	87	103	113	96
Average Peak Day Crowd	1,046	1,727	2,470	3,248	6,439
Average Skier Visits (000)	25	50	71	136	283
Average Age of Ski Areas	15	21	27	21	23
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$12.34	$11.73	$10.35	$11.01	$13.37
Average Lift Ticket Revenue/S-V	$ 8.89	$ 8.93	$ 8.36	$ 9.35	$11.87
Average Adult Lift Ticket Price (Weekend)	$12.13	$12.13	$12.85	$14.43	$15.29
Average Adult Lift Ticket Price (Weekday)	$ 8.46	$ 9.59	$11.22	$12.89	$14.69
Average Night Ticket Price	$ 7.00	$ 7.38	$ 7.48	$ 8.56	$ 8.53
Average Adult Season Ticket Price	$ 162	$ 190	$ 232	$ 284	$ 361
Average Utilization	56%	46%	31%	39%	44%
Average Profit (Loss) Before Tax	$ (32)	$ 43	$ (126)	$ 60	$ 329
Ratio: Revenue/GFA	29%	41%	35%	40%	41%
Base	(6)	(27)	(23)	(22)	(43)

TABLE 60

ECONOMIC RATIOS--BY SIZE (000 VTF/HOUR)

	Under 1,000	1,000 - 2,499	2,500 - 3,999	4,000 - 5,499	5,500+
VTF/Hour (000)	703	1,556	3,351	4,743	10,750
VTF/Hour - Demand/Skier Visit	1,360	1,369	1,526	1,565	1,683
Skier Capacity	517	1,137	2,196	3,031	6,388
Days/Nights of Operation	82	87	103	113	96
Season Capacity (000)	46	107	227	346	639
Actual Skier Visits (000)	25	50	71	136	283
Profit (Loss) Before Tax (000)	$ (32)	$ 43	$ (126)	$ 60	$ 329
Before Tax Cash Flow (000)	$ 19	$ 135	$ 6	$ 281	$ 1,021
Operating Profit (Loss) (000)	$ 25	$ 110	$ (41)	$ 222	$ 701
Cash Operating Costs (000)	$ 245	$ 429	$ 719	$1,232	$ 3,123
Gross Fixed Assets (000)	$1,117	$1,522	$2,334	$4,169	$11,106
Secured Debt (000)	$ 245	$ 462	$ 595	$1,180	$ 4,501
Equity (000)	$ 178	$ 295	$ 569	$1,516	$ 5,294
Critical Ratios					
Health (Debt to Cash Flow)	12.89X	3.42X	99.17X	4.18X	4.41X
Profitability:					
Operating Profit on GFA	2.24%	7.23%	Loss	5.33%	6.31%
Profit (BT) on Equity	Loss	16.21%	Loss	3.96%	6.21%
Performance:					
Average Utilization	55.76%	46.45%	31.10%	39.37%	44.24%
Days/Nights of Operation	82	87	103	113	96
Policy & Planning:					
Capital/Capacity Ratio	$2,161	$1,339	$1,063	$1,375	$ 1,739
Operating/Capacity Ratio	$ 5.36	$ 4.02	$ 3.17	$ 3.56	$ 4.89
Revenue/Skier Visit:					
Ski Lift Gross	$ 8.89	$ 8.93	$ 8.36	$ 9.35	$ 11.87
Ski School Margin	$ .18	$ .24	$ .32	$ .37	$ .31
Food Service Margin	$ .47	$ .47	$ .48	$ .37	$ .37
Bar Margin	$ .22	$ .26	$ .29	$ .31	$ .18
Ski Shop Margin	$ .07	$ .23	$ .21	$ .14	$ .25
Ski Rental Margin	$ 2.26	$ 1.31	$ .70	$ .43	$ .27
Other Margin	$ .25	$ .30	$ (.02)	$ .03	$ .11
Total - Revenue/Skier Visit	$12.34	$11.73	$10.35	$11.01	$ 13.37
Base	(6)	(27)	(23)	(22)	(43)

TABLE 61

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Under 1,000 (000)	1,000 - 2,499 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	Over 5,500 (000)
Gross Fixed Assets	$1,117	$1,522	$2,334	$4,169	$11,106
Revenue:					
Ski Lift Gross - Winter	$ 227	$ 442	$ 590	$1,273	$ 3,355
Ski Lift Gross - Summer	0	1	2	14	61
Supporting Margin - Winter	88	165	159	263	470
Supporting Margin - Summer	0	12	33	35	39
Year Round Margin	6	11	27	91	591
TOTAL REVENUE	$ 321	$ 631	$ 810	$1,676	$ 4,516
Less:					
Ski Lift Direct Expense	$ 59	$ 139	$ 261	$ 447	$ 1,144
Payroll Taxes	8	27	37	49	158
Property Operation	18	34	57	67	264
OPERATIONS MARGIN	$ 236	$ 430	$ 455	$1,113	$ 2,950
Less:					
General & Administrative	$ 91	$ 89	$ 168	$ 280	$ 656
Marketing (advertising, public relations, promotion, etc.)	8	33	42	120	281
Insurance (property, liability)	18	39	50	67	151
Land Use Fees (public)	0	6	11	18	92
Land Use Fees (private)	1	1	5	15	24
Property Taxes	6	12	15	30	89
Other Taxes (not income)	1	6	12	4	34
Snowmaking	29	36	56	120	111
Snow Removal	2	1	0	3	10
Miscellaneous	4	5	5	12	109
Depreciation & Amortization	51	92	132	222	692
OPERATING PROFIT (LOSS)	$ 25	$ 110	$ (41)	$ 222	$ 701
Less: Interest	57	67	85	161	372
PROFIT (LOSS) BEFORE TAX	$ (32)	$ 43	$ (126)	$ 60	$ 329
Base	(6)	(27)	(23)	(22)	(43)

TABLE 62

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Gross Fixed Assets				
	Under 1,000	1,000 - 2,499	2,500 - 3,999	4,000 - 5,499	Over 5,500
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:					
Ski Lift Gross - Winter	20.27%	29.05%	25.27%	30.53%	30.21%
Ski Lift Gross - Summer	0.00	0.04	0.07	0.33	0.55
Supporting Margin - Winter	7.88	10.84	6.81	6.31	4.23
Supporting Margin - Summer	0.00	0.79	1.41	0.84	0.35
Year Round Margin	0.54	0.72	1.16	2.18	5.32
TOTAL REVENUE	28.69%	41.44%	34.73%	40.20%	40.66%
Less:					
Ski Lift Direct Expense	5.28%	9.13%	11.18%	10.72%	10.30%
Payroll Taxes	0.70	1.81	1.59	1.17	1.42
Property Operation	1.60	2.22	2.46	1.62	2.38
OPERATIONS MARGIN	21.11%	28.28%	19.49%	26.69%	26.56%
Less:					
General & Administrative	8.15%	5.85%	7.18%	6.72%	5.91%
Marketing (advertising, public relations, promotion, etc.)	0.73	2.20	1.80	2.87	2.53
Insurance (property, liability)	1.61	2.56	2.14	1.61	1.36
Land Use Fees (public)	0.00	0.41	0.48	0.44	0.83
Land Use Fees (private)	0.06	0.04	0.20	0.36	0.22
Property Taxes	0.54	0.79	0.66	0.73	0.80
Other Taxes (not income)	0.06	0.39	0.51	0.09	0.31
Snowmaking	2.60	2.37	2.40	2.88	1.00
Snow Removal	0.15	0.08	0.02	0.06	0.09
Miscellaneous	0.37	0.33	0.23	0.30	0.98
Depreciation & Amortization	4.58	6.03	5.64	5.32	6.23
OPERATING PROFIT (LOSS)	2.27%	7.23%	(1.76)%	5.32%	6.31%
Less: Interest	5.13	4.42	3.64	3.87	3.35
PROFIT (LOSS) BEFORE TAX	(2.86)%	2.81%	(5.40)%	1.44%	2.96%
Base	(6)	(27)	(23)	(22)	(43)

TABLE 63

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Revenue				
	Under 1,000	1,000 - 2,499	2,500 - 3,999	4,000 - 5,499	Over 5,500
Revenue:					
Ski Lift Gross - Winter	70.67%	70.09%	72.77%	75.95%	74.29%
Ski Lift Gross - Summer	0.00	0.10	0.21	0.84	1.35
Supporting Margin - Winter	27.46	26.16	19.62	15.69	10.41
Supporting Margin - Summer	0.00	1.90	4.07	2.09	0.86
Year Round Margin	1.87	1.74	3.33	5.43	13.09
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%
Less:					
Ski Lift Direct Expense	18.41%	22.04%	32.20%	26.67%	25.33
Payroll Taxes	2.44	4.36	4.59	2.90	3.50
Property Operation	5.56	5.37	7.07	4.02	5.85
OPERATIONS MARGIN	73.58%	68.24%	56.13%	66.41%	65.32%
Less:					
General & Administrative	28.39%	14.11%	20.68%	16.73%	14.53%
Marketing (advertising, public relations, promotion, etc.)	2.55	5.31	5.18	7.15	6.22
Insurance (property, liability)	5.62	6.18	6.17	4.00	3.34
Land Use Fees (public)	0.00	0.99	1.37	1.09	2.04
Land Use Fees (private)	0.21	0.11	0.57	0.90	0.53
Property Taxes	1.87	1.91	1.89	1.81	1.97
Other Taxes (not income)	0.21	0.95	1.48	0.23	0.75
Snowmaking	9.05	5.71	6.91	7.16	2.46
Snow Removal	0.52	0.18	0.06	0.15	0.22
Miscellaneous	1.30	0.79	0.67	0.74	2.41
Depreciation & Amortization	15.96	14.54	16.23	13.23	15.32
OPERATING PROFIT (LOSS)	7.90%	17.46%	(5.07)%	13.23%	15.52%
Less: Interest	17.89	10.68	10.49	9.63	8.24
PROFIT (LOSS) BEFORE TAX	(9.98)%	6.78%	(15.56)%	3.59%	7.29%
Base	(6)	(27)	(23)	(22)	(43)

TABLE 64

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY SIZE (000 VTF/HOUR)

	Under 1,000	1,000-2,499	2,500-3,999	4,000-5,499	Over 5,500
SKI LIFT GROSS:					
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	100.00%
LESS:					
Ski Lift Payroll	9.20%	6.91%	11.80%	7.42	7.51%
Ski Patrol Payroll	1.60	2.40	4.01	2.95	3.86
Slope Maintenance Payroll	0.40	2.16	3.15	2.26	2.67
Maintenance & Repair Payroll	8.40	4.85	6.69	4.19	4.43
Ticket Sales Payroll	1.60	2.20	2.13	1.47	1.31
Other Payroll	0.40	0.81	2.04	1.68	2.15
TOTAL PAYROLL	21.60%	19.33%	29.82%	19.97%	21.92%
OTHER DIRECT	4.80%	13.26%	15.98%	13.78%	11.38%
GROSS MARGIN	73.60%	67.42%	54.20%	66.25%	66.70%
Base	(1)	(19)	(15)	(15)	(37)

TABLE 65

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS
BY SIZE (000 VTF/HOUR)

	Under 1,000 (000)	1,000 - 2,499 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	Over 5,500 (000)
Assets					
Current Assets	$ 74	$ 161	$ 253	$ 419	$ 1,713
Gross Fixed Assets	1,117	1,522	2,258	4,169	11,106
Less: Depreciation	(374)	(658)	(1,019)	(1,472)	(3,416)
Other Assets	6	66	85	547	2,169
TOTAL ASSETS	$ 823	$1,091	$1,577	$3,662	$11,572
Liabilities & Net Worth					
Current Liabilities	$ 357	$ 300	$ 371	$ 393	$ 1,340
Long-Term Debt	72	400	382	1,048	3,795
Subordinated Debt	173	62	213	132	706
Deferred Taxes	3	5	7	68	170
Other Liabilities	40	59	35	505	267
Net Worth					
Invested	247	220	421	1,292	3,195
Retained Earnings	(69)	45	148	224	2,098
TOTAL LIABILITIES & NET WORTH	$ 823	$1,091	$1,577	$3,662	$11,572
Base	(6)	(27)	(22)	(22)	(43)

TABLE 66

AVERAGE SKI AREA CHARACTERISTICS–BY TYPE OF SKI AREA

	Day	Weekend	Vacation	Weekend Only
SIZE				
VTF/Hour (000)	3,551	5,800	8,584	998
Gross Fixed Assets (000)	$2,721	$5,319	$9,451	$ 172
Skiable Acres	283	472	671	275
LOCATION				
Within 50 Miles of SMSA	48%	22%	14%	50%
With 6+ Areas in 1 Hour	23%	39%	28%	67%
New England	15%	22%	21%	33%
East	12%	22%	7%	33%
Midwest	15%	13%	7%	0%
Central Rockies	17%	9%	33%	0%
Northern Rockies	14%	0%	16%	0%
California & Nevada	12%	26%	5%	33%
Pacific Northwest	15%	8%	11%	0%
SITE CHARACTERISTICS				
Number of Beds at Base	33	1,606	1,862	0
Number of Beds (10 Miles)	2,121	4,540	5,654	700
With Snowmaking	52%	65%	58%	0%
With Night Skiing	50%	35%	21%	0%
Terrain: Beginner	27%	25%	23%	17%
Intermediate	49%	48%	50%	60%
Expert	25%	27%	27%	13%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	46%	48%	61%	0%
Engaged in Land Development	23%	52%	54%	0%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	95	102	105	13
Average Peak Day Crowd	2,765	4,208	5,033	344
Average Skier Visits (000)	78	188	230	28
Average Age of Ski Areas	22	23	22	34
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	$10.80	$13.74	$12.81	$ 0.71
Average Lift Ticket Revenue/S-V	$ 8.98	$11.90	$11.26	$ 0.61
Average Adult Lift Ticket Price (Weekend)	$12.48	$14.57	$15.37	$ 8.67
Average Adult Lift Ticket Price (Weekday)	$10.75	$13.01	$14.34	$ 0.00
Average Night Ticket Price	$ 8.00	$ 8.31	$ 6.89	$ 0.00
Average Adult Season Ticket Price	$ 232	$ 288	$ 336	$ 105
Average Utilization	37%	44%	44%	38%
Average Profit (Loss) Before Tax	$ (107)	$ 333	$ 266	$ (14)
Ratio: Revenue/GFA	33%	53%	39%	12%
Base	(52)	(23)	(43)	(3)

TABLE 67

ECONOMIC RATIOS–BY TYPE OF SKI AREA

	Day	Weekend	Vacation	Weekend Only	Your Ski Area
VTF/Hour (000)	3,551	5,800	8,584	998	____
VTF/Hour - Demand/Skier Visit	1,572	1,479	1,709	1,500	____
Skier Capacity	2,259	3,921	5,023	666	____
Days/Nights of Operation	95	102	105	13	____
Season Capacity (000)	210	432	524	75	____
Actual Skier Visits (000)	78	188	230	28	____
Profit (Loss) Before Tax (000)	$ (107)	$ 333	$ 266	$ (14)	$____
Plus: Depreciation (000)	$ 177	$ 378	$ 524	$ 4	$____
Before Tax Cash Flow (000)	$ 70	$ 711	$ 790	$ (10)	$____
Operating Profit (Loss) (000)	$ (11)	$ 540	$ 589	$ (13)	$____
Cash Operating Costs (000)	$ 725	$1,878	$2,562	$ 30	$____
Gross Fixed Assets (000)	$2,721	$5,319	$9,451	$ 172	$____
Secured Debt (000)	$ 834	$1,469	$3,954	$ 74	$____
Equity (000)	$ 779	$2,198	$4,449	$ 26	$____
Health (Debt to Cash Flow)	11.91X	2.07X	5.00X		____X
Profitability:					
Operating Profit on GFA	Loss	10.15%	6.23%	Loss	____%
Profit (BT) on Equity	Loss	15.15%	5.98%	Loss	____%
Performance:					
Average Utilization	36.84%	43.55%	43.89%	38.06%	____%
Days/Nights of Operation	95	102	105	13	____
Policy & Planning:					
Capital/Capacity Ratio	$1,204	$1,356	$1,882	$ 258	$____
Operating/Capacity Ratio	$ 3.45	$ 4.35	$ 4.89	$ .40	$____
Revenue/Skier Visit:					
Ski Lift Gross	$ 8.98	$11.90	$11.26	$ .61	$____
Ski School Margin	$ .17	$ .41	$ .33	$ .00	$____
Food Service Margin	$ .34	$ .42	$ .40	$ .00	$____
Bar Margin	$ .22	$ .21	$ .22	$ .00	$____
Ski Shop Margin	$ .17	$ .30	$ .21	$ (.01)	$____
Ski Rental Margin	$ .80	$ .46	$ .26	$ .08	$____
Other Margin	$ .11	$ .04	$ .12	$ .04	$____
Total - Revenue/Skier Visit	$10.80	$13.74	$12.81	$ .71	$____
Base	(52)	(23)	(43)	(3)	

TABLE 68

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Weekend Only (000)	Your Ski Area
Gross Fixed Assets	$2,721	$5,319	$9,451	$ 172	$_____
Revenue:					
Ski Lift Gross - Winter	$ 696	$2,239	$2,590	$ 17	$_____
Ski Lift Gross - Summer	1	14	60	0	_____
Supporting Margin - Winter	145	359	439	3	_____
Supporting Margin - Summer	7	65	38	0	_____
Year Round Margin	41	119	547	0	_____
TOTAL REVENUE	$ 891	$2,796	$3,675	$ 21	$_____
Less:					
Ski Lift Direct Expense	$ 277	$ 604	$ 950	$ 14	$_____
Payroll Taxes	32	116	120	1	_____
Property Operation	52	156	206	0	_____
OPERATIONS MARGIN	$ 529	$1,920	$2,399	$ 6	$_____
Less:					
General & Administrative	$ 165	$ 435	$ 525	$ 6	$_____
Marketing (advertising, public relations, promotion, etc.)	49	124	262	1	_____
Insurance (property, liability)	50	106	122	5	_____
Land Use Fees (public)	12	57	66	0	_____
Land Use Fees (private)	6	1	26	0	_____
Property Taxes	17	72	62	3	_____
Other Taxes (not income)	8	5	34	0	_____
Snowmaking	45	134	104	0	_____
Snow Removal	2	7	6	0	_____
Miscellaneous	11	61	76	0	_____
Depreciation & Amortization	177	378	524	4	_____
OPERATING PROFIT (LOSS)	$ (11)	$ 540	$ 589	$ (13)	$_____
Less: Interest	96	207	324	1	_____
PROFIT (LOSS) BEFORE TAX	$ (107)	$ 333	$ 266	$ (14)	$_____
Base	(52)	(23)	(43)	(3)	

TABLE 69

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Gross Fixed Assets				
	Day	Weekend	Vacation	Weekend Only	Your Ski Area
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:					
Ski Lift Gross - Winter	25.59%	42.09%	27.41%	10.10%	____ %
Ski Lift Gross - Summer	0.05	0.27	0.63	0.00	____
Supporting Margin - Winter	5.32	6.74	4.64	1.94	____
Supporting Margin - Summer	0.27	1.22	0.41	0.00	____
Year Round Margin	1.51	2.23	5.79	0.00	____
TOTAL REVENUE	32.73%	52.56%	38.88%	12.04%	____ %
Less:					
Ski Lift Direct Expense	10.19%	11.35%	10.05%	7.97%	____ %
Payroll Taxes	1.18	2.19	1.27	0.39	____
Property Operation	1.91	2.94	2.18	0.00	____
OPERATIONS MARGIN	19.46%	36.09%	25.38%	3.69%	____ %
Less:					
General & Administrative	6.07%	8.17%	5.56%	3.30%	____ %
Marketing (advertising, public relations, promotion, etc.)	1.81	2.33	2.77	0.39	____
Insurance (property, liability)	1.82	1.99	1.30	2.91	____
Land Use Fees (public)	0.43	1.08	0.70	0.00	____
Land Use Fees (private)	0.23	0.02	0.28	0.00	____
Property Taxes	0.61	1.36	0.66	1.94	____
Other Taxes (not income)	0.28	0.10	0.36	0.19	____
Snowmaking	1.65	2.52	1.10	0.00	____
Snow Removal	0.07	0.13	0.07	0.00	____
Miscellaneous	0.39	1.14	0.81	0.19	____
Depreciation & Amortization	6.50	7.11	5.55	2.14	____
OPERATING PROFIT (LOSS)	(0.42)%	10.15%	6.24%	(7.38)%	____ %
Less: Interest	3.52	3.89	3.42	0.58	____
PROFIT (LOSS) BEFORE TAX	(3.94)%	6.27%	2.81%	(7.96)%	____ %
Base	(52)	(23)	(43)	(3)	

TABLE 70

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Revenue				
	Day	Weekend	Vacation	Weekend Only	Your Ski Area
Revenue:					
Ski Lift Gross - Winter	78.18%	80.09%	70.49%	85.00%	____ %
Ski Lift Gross - Summer	0.14	0.51	1.63	0.00	____
Supporting Margin - Winter	16.28	12.84	11.95	15.00	____
Supporting Margin - Summer	0.82	2.33	1.05	0.00	____
Year Round Margin	4.61	4.25	14.89	0.00	____
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%
Less:					
Ski Lift Direct Expense	31.14%	21.59%	25.84%	66.13%	____ %
Payroll Taxes	3.59	4.17	3.27	3.23	____
Property Operation	5.83	5.58	5.61	0.00	____
OPERATIONS MARGIN	59.44%	68.66%	65.28%	30.64%	____ %
Less:					
General & Administrative	18.55%	15.54%	14.29%	27.42%	____ %
Marketing (advertising, public relations, promotion, etc.)	5.52	4.42	7.12	3.23	____
Insurance (property, liability)	5.57	3.78	3.33	24.18	____
Land Use Fees (public)	1.31	2.05	1.80	0.00	____
Land Use Fees (private)	0.71	0.04	0.72	0.00	____
Property Taxes	1.86	2.58	1.70	16.13	____
Other Taxes (not income)	0.86	0.19	0.93	1.61	____
Snowmaking	5.05	4.79	2.83	0.00	____
Snow Removal	0.20	0.25	0.17	0.00	____
Miscellaneous	1.19	2.17	2.08	1.61	____
Depreciation & Amortization	19.87	13.53	14.27	17.74	____
OPERATING PROFIT (LOSS)	(1.27)%	19.31%	16.04%	(61.28)%	____ %
Less: Interest	10.76	7.39	8.80	4.84	____
PROFIT (LOSS) BEFORE TAX	(12.03)%	11.92%	7.23%	(66.12)%	____ %
Base	(52)	(23)	(43)	(3)	

TABLE 71

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SKI LIFT GROSS			
Revenue (Winter)	100.00%	100.00%	100.00%
LESS:			
Ski Lift Payroll	9.86	5.45	8.06
Ski Patrol Payroll	4.35	2.34	4.06
Slope Maintenance Payroll	2.84	1.94	2.82
Maintenance & Repair Payroll	5.22	3.59	4.73
Ticket Sales Payroll	2.07	0.78	1.50
Other Payroll	2.55	1.06	2.29
TOTAL PAYROLL	26.89%	15.17%	23.47%
OTHER DIRECT	15.73%	10.01%	11.90%
GROSS MARGIN	57.38%	74.82%	64.63%
Base	(31)	(15)	(39)

TABLE 72

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Weekend Only (000)
Assets				
Current Assets	$ 220	$ 884	$ 1,434	$ 6
Gross Fixed Assets	2,695	5,319	9,451	172
Less: Depreciation	(1,055)	(2,181)	(2,732)	(82)
Other Assets	193	502	2,037	16
TOTAL ASSETS	$2,053	$4,524	$10,190	$ 111
Liabilities & Net Worth				
Current Liabilities	$ 332	$ 619	$ 1,245	$ 6
Long-Term Debt	690	1,155	3,351	9
Subordinated Debt	144	314	602	65
Deferred Taxes	20	71	150	7
Other Liabilities	87	167	393	(1)
Net Worth				
Invested	604	979	3,002	27
Retained Earnings	175	1,219	1,447	(1)
TOTAL LIABILITIES & NET WORTH	$2,053	$4,524	$10,190	$ 111
Base	(51)	(23)	(43)	(3)

TABLE 73

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-90 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SIZE						
VTF/Hour (000)	5,109	5,666	5,119	8,124	3,910	5,578
Gross Fixed Assets (000)	$3,990	$5,013	$7,081	$8,250	$3,120	$4,780
Skiable Acres	286	401	427	550	600	1,209
LOCATION						
Within 50 Miles of SMSA	32%	14%	19%	41%	50%	29%
With 6+ Areas in 1 Hour	33%	33%	25%	27%	13%	29%
New England	26%	29%	17%	14%	-	-
East	5%	19%	17%	5%	38%	14%
Midwest	5%	10%	21%	18%	-	14%
Central Rockies	26%	14%	29%	14%	12%	14%
Northern Rockies	13%	10%	4%	9%	38%	14%
California & Nevada	13%	10%	4%	27%	-	14%
Pacific Northwest	13%	10%	8%	13%	12%	29%
SITE CHARACTERISTICS						
Number of Beds at Base	495	974	1,378	1,981	125	185
Number of Beds (10 Miles)	5,000	2,326	3,585	4,655	1,465	2,275
With Snowmaking	39%	57%	79%	59%	50%	57%
With Night Skiing	23%	29%	33%	46%	75%	57%
Terrain: Beginner	25%	23%	25%	28%	20%	25%
Intermediate	50%	48%	50%	45%	57%	49%
Expert	25%	30%	25%	27%	23%	26%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	62%	52%	46%	32%	38%	71%
Engaged in Land Development	29%	43%	50%	55%	25%	14%

TABLE 73 (Continued)

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-90 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	51	89	111	128	150	184
Average Peak Day Crowd	2,840	3,736	3,443	5,658	3,417	4,905
Average Skier Visits (000)	77	118	160	273	146	252
Average Age of Ski Areas	23 years	27 years	22 years	21 years	19 years	22 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$12.41	$12.81	$13.30	$13.16	$ 9.52	$11.09
Average Lift Ticket Revenue/Skier Visit	$10.87	$10.94	$11.77	$11.59	$ 7.50	$ 8.97
Average Adult Lift Ticket Price (Weekend)	$13.06	$14.10	$14.78	$14.71	$12.63	$12.29
Average Adult Lift Ticket Price (Weekday)	$11.18	$12.61	$12.83	$13.46	$11.75	$12.00
Average Night Ticket Price	$ 7.64	$ 6.67	$ 7.44	$ 8.38	$ 8.33	$ 8.63
Average Adult Season Ticket Price	$ 265	$ 267	$ 277	$ 314	$ 259	$ 249
Average Utilization	45%	37%	46%	42%	42%	39%
Average Profit (Loss) Before Tax	$ (395)	$ 40	$ 624	$ 353	$ 240	$ 490
Ratio: Revenue/GFA	27%	40%	40%	47%	49%	61%
Base	(39)	(21)	(24)	(22)	(8)	(7)

TABLE 74

ECONOMIC RATIOS--BY LENGTH OF SEASON

	Less Than 80 Days	80-90 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
VTF/Hour (000)	5,109	5,666	5,119	8,124	3,910	5,578
VTF/Hour - Demand/Skier Visit	1,678	1,561	1,653	1,595	1,691	1,513
Skier Capacity	3,045	3,629	3,096	5,094	2,312	3,687
Days/Nights of Operation	51	89	111	128	150	184
Season Capacity (000)	173	319	347	650	350	654
Actual Skier Visits (000)	77	118	160	273	146	252
Profit (Loss) Before Tax (000)	$ (395)	$ 40	$ 624	$ 353	$ 240	$ 490
Plus: Depreciation (000)	$ 247	$ 319	$ 365	$ 534	$ 173	$ 317
Before Tax Cash Flow (000)	$ (148)	$ 359	$ 989	$ 887	$ 413	$ 807
Operating Profit (Loss) (000)	$ (229)	$ 244	$ 800	$ 654	$ 369	$ 636
Cash Operating Costs (000)	$1,062	$1,428	$1,646	$2,665	$ 993	$1,940
Gross Fixed Assets (000)	$3,990	$5,013	$7,081	$8,250	$3,120	$4,780
Secured Debt (000)	$1,761	$1,673	$2,942	$2,722	$ 989	$ 862
Equity (000)	$1,390	$1,827	$2,953	$4,377	$1,175	$2,000
Critical Ratios						
Health (Debt to Cash Flow)		4.66X	2.98X	3.07X	2.39X	1.07X
Profitability:						
Operating Profit on GFA	Loss	4.87%	11.30%	7.93%	11.83%	13.31%
Profit (Before Tax) on Equity	Loss	2.19%	21.13%	8.07%	20.43%	24.50%
Performance:						
Average Utilization	44.51%	37.03%	46.01%	42.06%	41.75%	38.55%
Days/Nights of Operation	51	89	111	128	150	184
Policy & Planning:						
Capital/Capacity Ratio	$1,310	$1,381	$2,287	$1,619	$1,350	$1,296
Operating/Capacity Ratio	$ 6.15	$ 4.48	$ 4.75	$ 4.10	$ 2.84	$ 2.97
Revenue/Skier Visit:						
Ski Lift Gross	$10.87	$10.94	$11.77	$11.59	$ 7.50	$ 8.97
Ski School Margin	$ .17	$ .22	$ .48	$ .29	$ .77	$ .13
Food Service Margin	$ .41	$ .47	$ .32	$ .34	$ .37	$ .59
Bar Margin	$ .24	$ .28	$ .16	$ .19	$ .35	$ .25
Ski Shop Margin	$ .16	$ .31	$ .16	$ .29	$ .15	$ .16
Ski Rental Margin	$ .40	$ .52	$ .47	$ .31	$ .33	$ .72
Other Margin	$ .16	$ .06	$ (.05)	$ .15	$ .05	$ .27
Total - Revenue/Skier Visit	$12.41	$12.81	$13.30	$13.16	$ 9.52	$11.09
Base	(39)	(21)	(24)	(22)	(8)	(7)

TABLE 75

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Gross Fixed Assets	$3,990	$5,013	$7,081	$8,250	$3,120	$,4780
Revenue:						
Ski Lift Gross - Winter	$ 836	$1,293	$1,879	$3,168	$1,096	$2,262
Ski Lift Gross - Summer	20	10	14	74	1	0
Supporting Margin - Winter	124	261	294	482	308	601
Supporting Margin - Summer	28	78	11	(1)	56	17
Year Round Margin	72	349	614	130	75	12
TOTAL REVENUE	$1,080	$1,991	$2,811	$3,853	$1,535	$2,893
Less:						
Ski Lift Direct Expense	$ 416	$ 473	$ 727	$ 804	$ 356	$ 719
Payroll Taxes	54	56	39	197	33	98
Property Operation	81	88	57	342	68	100
OPERATIONS MARGIN	$ 528	$1,375	$1,988	$2,510	$1,078	$1,976
Less:						
General & Administrative	$ 203	$ 319	$ 362	$ 562	$ 244	$ 507
Marketing (advertising, public relations, promotion, etc.)	108	161	127	199	64	162
Insurance (property, liability)	57	92	83	128	63	119
Land Use Fees (public)	23	22	39	79	8	97
Land Use Fees (private)	3	9	26	22	10	2
Property Taxes	27	38	46	82	17	45
Other Taxes (not income)	10	6	27	31	7	10
Snowmaking	30	95	90	141	115	77
Snow Removal	3	2	6	9	3	1
Miscellaneous	46	68	18	70	5	3
Depreciation & Amortization	247	319	365	534	173	317
OPERATING PROFIT (LOSS)	$ (229)	$ 244	$ 800	$ 654	$ 369	$ 636
Less: Interest	166	205	176	301	129	146
PROFIT (LOSS) BEFORE TAX	$ (395)	$ 40	$ 624	$ 353	$ 240	$ 490
Base	(39)	(21)	(24)	(22)	(8)	(7)

TABLE 76

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Percent of Gross Fixed Assets					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:						
Ski Lift Gross - Winter	20.95%	25.79%	26.53%	38.40%	35.11%	47.32%
Ski Lift Gross - Summer	0.51	0.21	0.19	0.90	0.02	0.00
Supporting Margin - Winter	3.11	5.21	4.15	5.84	9.87	12.57
Supporting Margin - Summer	0.70	1.56	0.16	(0.01)	1.79	0.36
Year Round Margin	1.80	6.96	8.67	1.58	2.40	0.26
TOTAL REVENUE	27.07%	39.72%	39.70%	46.71%	49.21%	60.51%
Less:						
Ski Lift Direct Expense	10.43%	9.44%	10.27%	9.75%	11.41%	15.05%
Payroll Taxes	1.36	1.11	0.55	2.39	1.05	2.05
Property Operation	2.03	1.75	0.80	4.15	2.18	2.09
OPERATIONS MARGIN	13.24%	27.43%	28.08%	30.42%	34.56%	41.33%
Less:						
General & Administrative	5.10%	6.37%	5.12%	6.81%	7.81%	10.60%
Marketing (advertising, public relations, promotion, etc.)	2.71	3.20	1.79	2.41	2.06	3.40
Insurance (property, liability)	1.43	1.84	1.17	1.56	2.02	2.49
Land Use Fees (public)	0.58	0.44	0.55	0.96	0.25	2.03
Land Use Fees (private)	0.07	0.17	0.36	0.27	0.32	0.04
Property Taxes	0.67	0.77	0.65	1.00	0.56	0.93
Other Taxes (not income)	0.26	0.12	0.39	0.37	0.23	0.22
Snowmaking	0.74	1.89	1.27	1.71	3.69	1.61
Snow Removal	0.08	0.04	0.08	0.10	0.09	0.02
Miscellaneous	1.15	1.35	0.25	0.85	0.16	0.07
Depreciation & Amortizatio	6.20	6.37	5.15	6.47	5.54	6.63
OPERATING PROFIT (LOSS)	(5.75)%	4.87%	11.30%	7.92%	11.83%	13.31%
Less: Interest	4.15	4.08	2.49	3.64	4.13	3.05
PROFIT (LOSS) BEFORE TAX	(9.90)%	0.79%	8.81%	4.28%	7.70%	10.26%
Base	(39)	(21)	(24)	(22)	(8)	(7)

TABLE 77

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Percent of Gross Fixed Assets					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Revenue:						
Ski Lift Gross - Winter	77.39%	64.93%	66.83%	82.22%	71.36%	78.20%
Ski Lift Gross - Summer	1.87	0.52	0.49	1.92	0.05	0.00
Supporting Margin - Winter	11.48	13.11	10.46	12.51	20.06	20.78
Supporting Margin - Summer	2.59	3.92	0.39	(0.03)	3.65	0.60
Year Round Margin	6.67	17.53	21.83	3.38	4.89	0.43
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Less:						
Ski Lift Direct Expense	38.52%	23.75%	25.86%	20.87%	23.19%	24.87%
Payroll Taxes	5.03	2.79	1.39	5.11	2.14	3.38
Property Operation	7.51	4.42	2.02	8.89	4.43	3.45
OPERATIONS MARGIN	48.93%	69.04%	70.72%	65.13%	70.24%	68.30%
Less:						
General & Administrative	18.84%	16.04%	12.88%	14.58%	15.87%	17.51%
Marketing (advertising, public relations, promotion, etc.)	10.00	8.06	4.52	5.16	4.18	5.61
Insurance (property, liability)	5.28	4.62	2.95	3.33	4.10	4.11
Land Use Fees (public)	2.15	1.11	1.38	2.05	0.51	3.35
Land Use Fees (private)	0.28	0.44	0.91	0.57	0.66	0.06
Property Taxes	2.47	1.93	1.63	2.14	1.13	1.54
Other Taxes (not income)	0.97	0.29	0.98	0.80	0.46	0.36
Snowmaking	2.73	4.76	3.19	3.66	7.49	2.66
Snow Removal	0.31	0.09	0.20	0.22	0.19	0.03
Miscellaneous	4.24	3.40	0.63	1.81	0.33	0.11
Depreciation & Amortization	22.91	16.04	12.98	13.85	11.26	10.96
OPERATING PROFIT (LOSS)	(21.24)%	12.26%	28.47%	16.96%	24.05%	21.99%
Less: Interest	15.34	10.27	6.27	7.80	8.39	5.04
PROFIT (LOSS) BEFORE TAX	(36.58)%	1.99%	22.20%	9.16%	15.66%	16.95%
Base	(39)	(21)	(24)	(22)	(8)	(7)

TABLE 78

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SKI LIFT GROSS:						
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
LESS:						
Ski Lift Payroll	9.93%	8.92%	8.60%	5.69%	7.56%	8.47%
Ski Patrol Payroll	5.91	3.66	4.04	2.75	2.18	3.19
Slope Maintenance Payroll	4.52	2.86	2.47	1.84	1.87	2.63
Maintenance & Repair Payroll	5.92	4.81	5.49	3.43	3.37	4.39
Ticket Sales Payroll	2.01	1.80	1.47	0.99	1.27	1.39
Other Payroll	1.94	1.80	2.79	1.96	3.57	0.58
TOTAL PAYROLL	30.23%	23.86%	24.88%	16.66%	19.81%	20.63%
OTHER DIRECT	17.54%	13.33%	14.34%	7.79%	16.05%	11.49%
GROSS MARGIN	52.22%	62.81%	60.78%	75.54%	64.14%	67.88%
Base	(28)	(13)	(15)	(21)	(4)	(6)

TABLE 79

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-90 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Assets						
Current Assets	$ 384	$ 802	$ 890	$1,395	$ 427	$ 904
Gross Fixed Assets	3,989	5,013	7,081	8,250	3,120	4,780
Less: Depreciation	(1,292)	(1,896)	(1,957)	(2,832)	(1,036)	(2,173)
Other Assets	565	843	1,539	1,447	101	33
TOTAL ASSETS	$3,647	$4,762	$7,552	$8,260	$2,612	$3,544
Liabilities & Net Worth						
Current Liabilities	$ 410	$ 652	$1,170	$ 892	$ 412	$ 634
Long-Term Debt	1,517	962	2,653	2,339	974	734
Subordinated Debt	244	711	290	384	15	128
Deferred Taxes	28	66	109	164	20	37
Other Liabilities	58	543	378	105	17	11
Net Worth						
Invested	1,007	1,647	1,982	2,363	595	764
Retained Earnings	383	180	971	2,014	579	1,236
TOTAL LIABILITIES & NET WORTH	$3,647	$4,762	$7,552	$8,260	$2,612	$3,544
Base	(38)	(21)	(24)	(22)	(8)	(7)

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the fifth year, the study includes an additional chapter with an analysis of those respondents with snowmaking capability, and those that operate at night. This chapter presents this added data with a brief discussion of the major findings. The tables (Tables 80-89) follow the text.

Snowmaking ski areas averaged 7.3 percent operating profit on GFA, some 32 percent above the ski industry average. Snowmaking is required east of the Rockies and this past season again illustrated this vividly. Eighty-seven percent of the respondents in New England, the East and Midwest have machine snowmaking. There are 22 snowmaking ski areas in the Rockies and the West, or 32 percent. These 32 percent earned a 6.8 percent operating profit on GFA, whereas the remaining 68 percent reported an average of 2.4 percent operating profits on GFA.

These operations have been evaluated using the rule of thumb measure discussed in Chapter III.

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	40%	÷	42%	=	.95	Adequate
All Snowmaking	41	÷	45	=	.91	Adequate
New England Snowmaking	43	÷	41	=	1.05	Adequate
East and Midwest Snowmaking	45	÷	44	=	1.02	Adequate
Rockies and West Snowmaking	39	÷	48	=	.81	Poor
All Night Operations	42	÷	38	=	1.11	Adequate

Night operations were again separated. Night skiing effectively doubles the potential earning power with only cursory additions to capital. The economic characteristics of ski areas with potential night skiing are excellent. Earning power increases in spite of a significant drop in revenue per skier visit. Ski areas with night operations averaged a 6.2 percent return on GFA with only a 38 percent utilization, while the overall average ski area made 5.5 percent return at a 42 percent utilization rate.

The 1980-81 survey contains data concerning snowmade coverage, hours of operation and operating costs. Tables 87 and 88 summarize this data. The average ski area with snowmaking capability covers 78 acres or 21.8 percent of the developed slopes and trails. The East and Midwest regions cover 81.3 percent, and New England 47.0 percent, while only 8.6 percent of the Rockies and Western snowmade ski areas are machine covered.

Similarly the 43 ski areas with lights for night skiing cover an average of only 86 acres or 20.8 percent of the developed acreage.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency the authors have summarized reported costs in costs per acre hour of snowmaking. An acre hour is the product of coverage (acres) and hours of system operations. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken into labor, power, maintenance, and other categories. Table 89 summarizes the results of this initial measure.

TABLE 80

AVERAGE SKI AREA CHARACTERISTICS
SKI AREAS WITH SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With
	New England	East & Midwest	Rockies & West	All	Night Operations
SIZE					
VTF/Hour (000)	6,350	2,766	8,786	5,759	4,394
Gross Fixed Assets (000)	$6,635	$3,246	$10,733	$6,665	$3,662
Skiable Acres	184	97	816	358	415
LOCATION					
Within 50 Miles of SMSA	26%	46%	27%	34%	54%
With 6+ Areas in 1 Hour	79%	12%	36%	39%	14%
New England	100%	0%	0%	28%	9%
East	0%	54%	0%	21%	28%
Midwest	0%	46%	0%	18%	26%
Central Rockies	0%	0%	59%	19%	2%
Northern Rockies	0%	0%	9%	3%	14%
California & Nevada	0%	0%	23%	8%	5%
Pacific Northwest	0%	0%	9%	3%	16%
SITE CHARACTERISTICS					
Number of Beds at Base	446	131	1,763	756	229
Number of Beds (10 Miles)	2,174	1,322	11,222	4,815	1,759
With Snowmaking	100%	100%	100%	100%	70%
With Night Skiing	16%	81%	23%	45%	100%
Terrain: Beginner	26%	28%	24%	26%	26%
Intermediate	51%	48%	49%	49%	48%
Expert	24%	26%	27%	26%	27%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	26%	8%	68%	33%	28%
Engaged in Land Development	63%	42%	32%	45%	44%
OPERATIONAL CHARACTERISTICS					
Avg. Days/Nights of Operation	92	115	110	107	112
Average Peak Day Crowd	4,151	3,128	5,067	4,055	3,785
Average Skier Visits (000)	163	112	258	175	124
Average Age of Ski Areas	26 years	21 years	20 years	22 years	23 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$14.47	$11.77	$12.94	$13.05	$11.18
Avg. Lift Ticket Revenue/S-V	$11.60	$ 9.37	$11.82	$11.15	$ 9.31
Avg. Adult Lift Ticket Price (Weekend)	$15.80	$14.10	$14.96	$14.86	$13.19
Avg. Adult Lift Ticket Price (Weekday)	$13.55	$11.20	$14.45	$12.94	$10.98
Average Night Ticket Price	$ 9.67	$ 8.08	$ 8.80	$ 8.09	$ 7.83
Avg. Adult Season Ticket Price	$ 323	$ 222	$ 357	$ 292	$ 227
Average Utilization	41%	44%	48%	45%	38%
Avg. Profit (Loss) Before Tax	$ 211	$ 179	$ 392	$ 258	$ 87
Ratio: Revenue/GFA	43%	45%	39%	41%	42%
Base	(19)	(26)	(22)	(67)	(43)

TABLE 81

ECONOMIC RATIOS–SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
VTF/Hour (000)	6,350	2,766	8,786	5,759	4,394
VTF/Hour - Demand/Skier Visit	1,500	1,268	1,821	1,586	1,506
Skier Capacity	4,234	2,181	4,824	3,631	2,917
Days/Nights of Operation	92	115	110	107	112
Season Capacity (000)	399	256	542	390	324
Actual Skier Visits (000)	163	112	258	175	124
Profit (Loss) Before Tax (000)	$ 211	$ 179	$ 392	$ 258	$ 87
Plus: Depreciation (000)	$ 353	$ 199	$ 686	$ 402	$ 240
Before Tax Cash Flow (000)	$ 564	$ 378	$ 1,078	$ 660	$ 327
Operating Profit (Loss) (000)	$ 453	$ 307	$ 726	$ 486	$ 228
Cash Operating Costs (000)	$2,031	$ 948	$ 2,752	$1,848	$1,081
Gross Fixed Assets (000)	$6,635	$3,246	$10,733	$6,665	$3,662
Secured Debt (000)	$1,961	$ 881	$ 4,967	$2,529	$ 929
Equity (000)	$1,637	$1,316	$ 5,503	$2,782	$1,095
Critical Ratios					
Health (Debt to Cash Flow)	3.48X	2.33X	4.61X	3.83X	2.84X
Profitability:					
Operating Profit on GFA	6.83%	9.46%	6.76%	7.29%	6.23%
Profit (BT) on Equity	12.89%	13.60%	7.12%	9.27%	7.95%
Performance:					
Average Utilization	40.94%	43.88%	47.58%	44.72%	38.28%
Days/Nights of Operation	92	115	110	107	112
Policy & Planning:					
Capital/Capacity Ratio	$1,567	$1,488	$ 2,225	$1,836	$1,255
Operating/Capacity Ratio	$ 5.09	$ 3.71	$ 5.07	$ 4.73	$ 3.34
Revenue/Skier Visit:					
Ski Lift Gross	$11.60	$ 9.37	$ 11.82	$11.15	$ 9.31
Ski School Margin	$ .41	$ .45	$ .39	$ .41	$ .30
Food Service Margin	$ .75	$ .44	$ .36	$ .48	$ .37
Bar Margin	$ .47	$ .36	$ .07	$ .25	$ .27
Ski Shop Margin	$ .46	$ .22	$ .11	$ .23	$ .17
Ski Rental Margin	$ .54	$ .95	$ .22	$ .49	$ .60
Other Margin	$- .24	$ (.02)	$ (.05)	$ .04	$ .15
Total - Revenue/Skier Visit	$14.47	$11.77	$ 12.94	$13.05	$11.18
Base	(19)	(26)	(22)	(67)	(43)

TABLE 82

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	Night Operations (000)
Gross Fixed Assets	$6,635	$3,246	$10,733	$6,665	$3,662
Revenue:					
Ski Lift Gross - Winter	$1,895	$1,051	$ 3,052	$1,947	$1,154
Ski Lift Gross - Summer	35	1	25	19	31
Supporting Margin - Winter	564	319	305	384	260
Supporting Margin - Summer	90	60	(10)	45	42
Year Round Margin	253	24	792	341	61
TOTAL REVENUE	$2,837	$1,454	$ 4,164	$2,736	$1,549
Less:					
Ski Lift Direct Expense	$ 492	$ 292	$ 1,178	$ 640	$ 367
Payroll Taxes	137	43	117	94	45
Property Operation	316	53	108	146	100
OPERATIONS MARGIN	$1,892	$1,067	$ 2,760	$1,857	$1,036
Less:					
General & Administrative	$ 383	$ 213	$ 583	$ 383	$ 252
Marketing (advertising, public relations, promotion, etc.)	225	91	218	171	74
Insurance (property, liability)	103	79	119	99	73
Land Use Fees (public)	42	1	88	41	10
Land Use Fees (private)	9	7	41	19	13
Property Taxes	44	23	59	41	29
Other Taxes (not income)	43	13	27	26	8
Snowmaking	212	120	123	147	93
Snow Removal	2	1	5	3	3
Miscellaneous	21	14	85	40	11
Depreciation & Amortization	353	199	686	402	240
OPERATING PROFIT (LOSS)	$ 453	$ 307	$ 726	$ 486	$ 228
Less: Interest	242	127	334	228	141
PROFIT (LOSS) BEFORE TAX	$ 211	$ 179	$ 392	$ 258	$ 87
Base	(19)	(26)	(22)	(67)	(43)

TABLE 83

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Gross Fixed Assets				
	Snowmaking				With
	New England	East & Midwest	Rockies & West	All	Night Operations
Gross Fixed Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue:					
Ski Lift Gross - Winter	28.56%	32.37%	28.43%	29.21%	31.52%
Ski Lift Gross - Summer	0.53	0.02	0.24	0.28	0.86
Supporting Margin - Winter	8.51	9.83	2.84	5.76	7.09
Supporting Margin - Summer	1.35	1.85	(0.10)	0.68	1.15
Year Round Margin	3.81	0.73	7.38	5.11	1.68
TOTAL REVENUE	42.76%	44.80%	38.79%	41.05%	42.30%
Less:					
Ski Lift Direct Expense	7.42%	8.99%	10.98%	9.60%	10.03%
Payroll Taxes	2.06	1.32	1.09	1.41	1.23
Property Operation	4.77	1.63	1.01	2.19	2.74
OPERATIONS MARGIN	28.51%	32.87%	25.72%	27.86%	28.30%
Less:					
General & Administrative	5.77%	6.57%	5.43%	5.74%	6.89%
Marketing (advertising, public relations, promotion, etc.)	3.39	2.81	2.03	2.56	2.03
Insurance (property, liability)	1.56	2.42	1.11	1.48	2.00
Land Use Fees (public)	0.64	0.04	0.82	0.62	0.26
Land Use Fees (private)	0.13	0.21	0.38	0.28	0.36
Property Taxes	0.67	0.71	0.55	0.61	0.79
Other Taxes (not income)	0.65	0.39	0.25	0.39	0.22
Snowmaking	3.20	3.68	1.15	2.21	2.54
Snow Removal	0.03	0.04	0.05	0.04	0.09
Miscellaneous	0.32	0.44	0.79	0.59	0.30
Depreciation & Amortization	5.33	6.12	6.39	6.04	6.56
OPERATING PROFIT (LOSS)	6.83%	9.44%	6.77%	7.29%	6.24%
Less: Interest	3.64	3.92	3.11	3.41	3.85
PROFIT (LOSS) BEFORE TAX	3.18%	5.53%	3.66%	3.88%	2.39%
Base	(19)	(26)	(22)	(67)	(43)

TABLE 84

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Revenue				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Revenue:					
Ski Lift Gross - Winter	66.80%	72.26%	73.29%	71.17%	74.53%
Ski Lift Gross - Summer	1.24	0.04	0.61	0.68	2.03
Supporting Margin - Winter	19.90	21.95	7.33	14.04	16.75
Supporting Margin - Summer	3.16	4.13	(0.25)	1.66	2.73
Year Round Margin	8.90	1.62	19.02	12.45	3.96
TOTAL REVENUE	100.00%	100.00%	100.00%	100.00%	100.00%
Less:					
Ski Lift Direct Expense	17.34%	20.06%	28.29%	23.38%	23.70%
Payroll Taxes	4.83	2.94	2.81	3.43	2.91
Property Operation	11.15	3.64	2.60	5.33	6.48
OPERATIONS MARGIN	66.68%	73.36%	66.30%	67.87%	66.90%
Less:					
General & Administrative	13.49%	14.66%	14.00%	13.99%	16.30%
Marketing (advertising, public relations, promotion, etc.)	7.93	6.27	5.23	6.24	4.81
Insurance (property, liability)	3.64	5.41	2.85	3.61	4.74
Land Use Fees (public)	1.49	0.08	2.12	1.51	0.63
Land Use Fees (private)	0.31	0.46	0.99	0.68	0.85
Property Taxes	1.56	1.59	1.41	1.49	1.88
Other Taxes (not income)	1.53	0.86	0.65	0.95	0.51
Snowmaking	7.49	8.22	2.96	5.38	6.00
Snow Removal	0.08	0.08	0.12	0.10	0.22
Miscellaneous	0.74	0.99	2.04	1.44	0.71
Depreciation & Amortization	12.46	13.67	16.46	14.71	15.52
OPERATING PROFIT (LOSS)	15.96%	21.08%	17.44%	17.76%	14.74%
Less: Interest	8.52	8.75	8.02	8.32	9.10
PROFIT (LOSS) BEFORE TAX	7.44%	12.33%	9.41%	9.44%	5.64%
Base	(19)	(26)	(22)	(67)	(43)

TABLE 85

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
SKI LIFT GROSS:					
Revenue (Winter)	100.00%	100.00%	100.00%	100.00%	100.00%
LESS:					
Ski Lift Payroll	6.64%	5.97%	8.92%	7.81%	8.16%
Ski Patrol Payroll	2.08	1.00	4.55	3.30	2.42
Slope Maintenance Payroll	1.52	1.54	2.62	2.13	2.21
Maintenance & Repair Payroll	3.02	2.86	4.61	3.88	4.95
Ticket Sales Payroll	1.35	1.42	1.58	1.49	1.45
Other Payroll	0.75	2.29	3.75	2.63	3.00
TOTAL PAYROLL	15.35%	15.08%	26.04%	21.23%	22.20%
OTHER DIRECT	7.53%	11.06%	12.61%	10.84%	9.50%
GROSS MARGIN	77.12%	73.87%	61.35%	67.93%	68.30%
Base	(17)	(12)	(17)	(46)	(25)

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Assets					
Current Assets	$ 776	$ 517	$ 1,694	$ 977	$ 486
Gross Fixed Assets	6,635	3,246	10,733	6,665	3,662
Less: Depreciation	(2,813)	(1,214)	(2,727)	(2,164)	(1,584)
Other Assets	906	265	2,190	1,079	181
TOTAL ASSETS	$5,504	$2,814	$11,890	$6,557	$2,745
Liabilities & Net Worth					
Current Liabilities	$ 922	$ 516	$ 1,193	$ 853	$ 599
Long-Term Debt	1,187	795	4,654	2,173	786
Subordinated Debt	773	86	313	355	143
Deferred Taxes	121	50	176	111	43
Other Liabilities	864	51	51	282	79
Net Worth					
Invested	1,153	611	3,687	1,775	519
Retained Earnings	484	705	1,816	1,007	576
TOTAL LIABILITIES & NET WORTH	$5,504	$2,814	$11,890	$6,557	$2,745
Base	(19)	(26)	(22)	(67)	(43)

TABLE 87

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
SKI AREAS WITH SNOWMAKING

	New England	East & Midwest	Rockies & West	All
Average Skiable Acres	184	97	816	358
Average Snowmade Acres	87	79	70	78
Proportion	47.0%	81.3%	8.6%	21.8%
Average Capacity	4,234	2,181	4,824	3,631
Average Density	23/acre	22/acre	6/acre	10/acre
Base	(19)	(26)	(22)	(67)

TABLE 88

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
AREAS WITH NIGHT SKIING AND SNOWMAKING

	New England	East & Midwest	Rockies & West	All Areas With Night Skiing
Average Skiable Acres	-	-	-	415
Average Lighted Acres	43	60	115	86
Proportion	-	-	-	20.8%
Average Night Capacity	800	1,883	1,410	1,663
Average Night Density	19/acre	31/acre	12/acre	19/acre
Base	(4)	(21)	(5)	(43)

TABLE 89

SNOWMAKING COST ANALYSIS, 1980-81

	New England	East & Ontario	Midwest	Rockies & West	Total Sample
Labor (000)	$ 53.5	$ 32.6	$ 14.3	$ 41.7	$ 38.2
Power (000)	104.6	111.2	18.2	50.4	72.7
Maintenance (000)	29.1	22.1	8.8	14.5	19.3
Other (000)	25.3	15.8	5.3	16.8	17.0
Total (000)	$212.5	$181.7	$ 46.7	$123.4	$147.2
Acres	87	85	72	70	78
Hours	1,472	1,105	730	862	1,062
Average Cost/Acre Hour[a]	$ 1.66	$ 1.94	$ 0.89	$ 2.05	$ 1.78
Base	(19)	(14)	(12)	(22)	(67)

[a] This is an average of each separate ski area's system and not an average of the totals.

X

COMMENTS FROM SKI AREAS

While the previous chapters only included the results of the 121 ski areas that furnished complete financial data, this chapter includes comments from all 152 areas that replied, even if they were unable to provide complete financial data. The questionnaire asked respondents to provide comments on the season: What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1980-81 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic area to make them more meaningful.

EAST

We were open for 33 days on a very marginal basis. We are currently installing snowmaking top to bottom on 15 of our 20 trails.

The winter season started well. February vacation was disastrous due to warm temperatures.

Extremely warm weather in February and March which caused closing of ski area on March 30, 1981.

The season was off to a record setting pace, until the "Post St. Valentine's Day Massacre" beginning on February 20, but a magnificent all-out effort by our mountain crew allowed us to be back on 10 trails within 6 days, thus allowing us to surpass our all-time record of Y.T.D. skier visits.

Business at this non-snowmaking New England area almost tripled the previous winter's volume--but by any other standard it was another disaster. We suffered the third major loss (and second worst) in 20 years of operations. The season had a normal beginning in mid-December, and into the start of the Christmas-New Year's week, it looked to be a good beginning. Then a brief thaw wiped out enough of the early season cover to cause a week's shutdown that included New Year's weekend. The rest of January's skiing was decent, though on thin cover and with thin crowds. A big February 2 rain caused another wipe-out that lasted through the February holidays. The biggest snowstorm in several years came along February 25 and provided skiing until March 27, but attendance again remained sparse on most days. Though 68 operating days represented 75 percent of an average season for us, the winter's attendance was only 40 percent of normal.

Unusual season . . . started with a lot of snow (December 17) and a lot of enthusiasm, but ended up being the shortest season in our history (55 days). Financially, it was not a total disaster. Because of our close location to the major population in the state (Portland), and our night skiing, we

usually do well with pre-Christmas business. We closed on Thursday of February vacation. Had we been able to have that full week and the weekend, we would have had a record year. Season pass increases (+12 percent) were the only price increase.

The warmest and wettest February in Vermont's history stopped what was developing as one of our best winters in history in its tracks.

Continued snowmaking expansion and upgrading of facilities over the last four years have increased the demand for Mount Snow skiing. This coupled with Mt. Snow's location relative to the market areas has had a positive impact on business. Bitter cold weather during Christmas '80 and a 2-week thaw during Washington's Birthday '81 reduced skier days approximately 15 percent for the season.

Our area income was running only 1 percent behind expected income until February 1. Unusual warm weather and rain wiped out February vacation and March revenues were 35 percent below expected by the end of the season.

The 1980/81 season started extremely well and came to an abrupt slowdown in mid-February. A mid-month thaw followed by a substantial snow storm in Vermont sent skiers in droves to areas reporting the natural snow accumulations. Once again, snowmaking operations averted an otherwise sure financial disaster and provided us with a reasonable season.

Another year for the snowmakers! Expanded snowmaking to top of mountain which increased capacity, skier visits, and revenues. Were even with best year, on man-made snow, when total of 10" of rain in early and mid-February virtually washed out February vacation. Heavy snowfalls in late February and early March resulted in record March. Warm weather at end of March brought abrupt end to season.

Added one chair, 35 percent to snowmaking capacity, tied record number of operating days. Early season til February was way above previous records in utilization. Then 4 or 5 successive rain storms reduced February and early March to about 40 percent of record. We at one time were down to only one of eight New England area's operating.

Gunstock took on a new approach of major programming during the 80/81 season. Sleigh rides, skating, winter carnival, maple sugar festivals and weekly activities were added. A new beginner lift replaced the rope tow and one T-bar was extended.

Killington's snowmaking allowed it to provide extensive skiing early, midseason plus spring when other eastern areas were suffering from lack of natural (early) snow or partial operation due to major thaws (Washington's Birthday week plus March/April).

Poor December and January, closed most of February, full operation late February and most of March great skiing. Too late for business.

Another bummer!

New slalom race course, 1,200' length, 400' vertical drop. Poma lift to service same. Rain in February for poor skiing during school vacation period.

Through the end of January we were experiencing our best season ever in spite of very little snow and record breaking cold (at least made a lot of snow). Three major rain storms in February drastically reduced attendance to an accumulative season level 13 percent below our previous high.

Good Christmas, good January. Second half of February mild and rain and virtually ended our season as skiers did not return in numbers anywhere near January levels, even with good conditions made possible with snowmaking.

Unusual weather conditions in February caused us to close for 2 weeks because of rain. Had the best January ever, helped by installing new air compressors and able to make more snow.

Unusually dry year resulted in lack of water to make snow; therefore, we could not open and maintain skiing on all trails which resulted in fewer skier visits. It also increased the expense of making snow due to the fact that we had to have water hauled to our area.

New quad chair, cafeteria and snowmaking expansion. Total $500,000. Then we got 30" of snow for the year, only plowed the parking lots once. Still gross was up 30 percent for our best, and longest season (120 days) in 34 years. If it wasn't for the St. Valentine's Day Massacre, we'd all be in Bermuda now spending the money!!!

New area–cold weather for snowmaking. Only 11 inches of snowfall which is essentially dry.

The unusual lack of natural snow allowed us to operate only for 13 days (poor days). We were forced to operate at a loss for the second year in a row.

MIDWEST

Again localized weather contributed to a very good season.

Midnight skiing was one of the best things we started 4 years ago. The Bikini Race has brought in people. On some holidays we decorate our snow. Our biggest asset has been we have been open first in southeast Michigan for the past 6 seasons.

Considering all the facts: 3 new competitors, temperatures in the high 60's in the middle of February resulting in early closing, the 80/81 season was not a total failure thanks to sound snowmaking/grooming expertise and efforts. One of these coming winters has to be a winner!

Snow conditions were good to excellent. The snow melted a month earlier than normal. Crowds were down 30 percent from normal, apparently due to the economy.

Until mild weather set in on February 8, we enjoyed one of the best seasons ever. Although we stayed open until mid-March, the last five weeks were a disaster and thus we ended the year with only moderate results.

Worst ski area weather in 20 years. Lack of snow.

Performance was affected by two major factors: (1) poor snow conditions in the Midwest causing several periods of closed facilities and an early end to the ski season and (2) opening of new base chalet in mid-December created higher fixed costs and some additional opening expenses.

We tripled our rental capacity to meet the previous year's demand and added an expert run, anticipating a good year. Without snowmaking we would not have opened at all, and even with it crowds were down.

Worst weather ever. Two weeks lost in January heat wave and two more lost in February. Closed February 26, earliest ever. Four days rain in December.

ROCKY MOUNTAIN

Added 4½ miles of intermediate trails. Average snowfall year but hot weather between storms. Opened entire complex only 9 days. Otherwise season was on machine-made snow at 9 percent of area. Skier visits 50 percent of 79/80 season.

Slow start (very), then shut down for most of season.

Abnormal snow conditions, 155" in FY '81 compared to 300" in FY '80. However, skier days down only 13 percent, due to snowmaking capabilities and mountain maintenance techniques.

We noticed a real lack of the white stuff from the sky. Major groups cancelled because of poor conditions. We did have temporary snowmaking beginning in January improving conditions somewhat.

Lousy until March!

We had very poor snow year–with the media coverage not helping a bit! Last season we started an ambitious expansion project, we installed a new double chairlift and added several new trails, we doubled the size of our lodge and parking lot.

We caught an early storm, and along with our snowmaking output, had some of the best snow conditions in the state during December and January, but could not get the crowds coming–we felt the state and national news media dwelt too much on poor snow conditions and possibly discouraged a lot of people from going to ski areas. Those who did ski our area were surprised to find much better conditions than they expected.

First year of operation for new Riblet–CL No. 3. Unusual weather conditions–no snow–open 17 days.

Extremely poor snow conditions.

Very bad snow year. The 80/81 season was the second worst season realized, next to the 76/77 no-snow season.

Vail Mountain experienced snowfall which was 35 percent below normal. Thanks to our dedicated and talented snowmaking and slope grooming crews, the mountain was open for skiing on all of the 145 scheduled days. National media did an excellent job of informing the public of less than desirable conditions throughout the West early in the season, but later they did little to let the public know that excellent skiing was available. Ski areas must grow from these experiences: Don't depend on the media, and protect against nature with proper snowmaking and grooming.

Poor snow, negative media coverage.

1980/81 was the driest winter in the 32 years undersigned has been active in Rocky Mountain skiing. It was therefore a real test of snow-maintenance techniques and of the ability of the lodge owners to make their guests happy regardless of thin snows. Skier mix stayed pretty much the same though the percentage of Texas skiers increased somewhat as they are the least demanding, the most easily entertained of our guests. A new and very modern up-mountain restaurant helped to make the guests happy and what we lacked in snow was made up for by a magnificent sun and a generally mild winter. The Thiokols and Pistenbullies did a fabulous job as did the rock-picking detail of the ski patrol and the "racing kids."

The warm temperatures and lack of snow was our largest problem.

Warm and wet–higher than normal temperatures and lower than normal snowfall.

Great start on December 5, 1980, lost most of our snow by Christmas, closed for three weeks in January, recouped some with strong late March and April. Advance season pass sales policy (November 15 deadline) saved us from total disaster.

We had an unusually late opening because we didn't get any snow until January 25th. We opened 1/26/81 and had very good skiing from then til closing on April 6th.

The snowfall of 1979-80 was the worst on record until this season! We are installing snowmaking.

We added a new Steak House and Snack Bar. We had acceptable snow conditions; therefore we drew skiers from areas that did not have snow.

Like most areas in the region the season was slow starting due to lack of snow. After we received ample snow our crowds were record breaking.

There was no snow in our prime market area and people seemed to be uninterested in skiing no matter the marketing effort.

The 1980/1981 winter season resulted in less than normal snowfall.

Worst low snow/warm weather season in memory. 100+-year-old resident could not recall a more mild winter. Opened at Thanksgiving but operated only 20 percent of terrain until February 1. Total mountain not open until March 28, three weeks before end of season. Snowmaking got us open but could not motivate skiers to go skiing, not even season pass holders.

WEST

Late start made for below average year.

Generally mild and fair winter. Only half of normal snowfall. Even with poor January, Christmas holidays were good with excellent business during February and March. Operated from 12-3-80 to 4-19-81.

The 1980-81 season in Southern California was noted as well below normal in precipitation and well above normal in termperatures, particularly in the months of December and January. Nevertheless, our snowmaking system enabled us to operate at about two-fifths of our capacity from late November through January, selling out almost every day until sufficient natural snow was received to open all lifts at the end of January. Skier days were virtually the same as the previous year and within 90 percent of the record year of 1978-79. Due to a sizeable ticket price increase, last season was a record for gross income.

Probably the toughest season so far. Opened January 30, closed February 19, reopened March 3, closed April 5. Sparse snow coverage, warm temperatures, even rain. And the skiers had packed away their winter equipment and mood before the relatively decent snow came.

Short season. Too little snow.

We had major expansion but it had very little effect on our area because snow was limited on the new runs. It was a warm winter. Our normal snowfall is 450-500"--this season it was 314". Gas prices, no doubt, affected attendance. Nearby ski areas did not have enough snow to be in operation and that discouraged skiers from using our slopes.

Very poor snow year at elevation of our ski area. Only able to operate 22 days. Our long-range average since 1958 has been 40 days average per year (Saturdays, Sundays, Wednesdays and holidays).

Very low snowfall through late January severely restricted our skier visits, although record visits during February and March helped offset the poor early season.

Season did not get into full swing until mid-January due to lack of snow. Closed earlier than usual for same reason.

Unseasonably warm in December. Snowmaking was the only way we could keep open until late January.

Season started slowly with below average snow (50 percent of normal for the year) but snow in late January picked up business and we broke all-time company sales records in February and then broke that record in March. The new Flycreek Chair was an instant success. This summer we are building a new chair in the Flycreek area and building the Flycreek Lodge and parking. In addition, we are replacing one of our older chairs.

Weather was the significant factor in all of the Pacific Northwest with us as no exception. We began our season late, closed for the entire month of January and experienced significant operational problems in our multi-week package programs due to delays and refunds.

No snow.

Early season start with good snow. Heavy rain and chinook over Christmas holidays. Twenty days of no snowfall in January. TV advertising stimulated market in response to bad media and averted a sales disaster.

Absolute disaster–sales about ¼ of prior several years; started/stopped operations 3 times.

Unusual weather conditions caused late opening–December 3, 1980; closure December 15, 1980 through January 29, 1981. During 79/80, 46 percent of total business done during December/ January; 80/81 season 7 percent of total business occurred for same period: day ticket sales.

The worst winter season in 25 years of operation. Great start, lots of snow, massive rain December 14th and then more snow. Heavy rain December 26th caused tourists to leave, some snow through January 20th and then rain again and we closed for a week (the first time ever). The lost business at Christmas and the bad publicity relating to the closure made attracting skiers impossible despite good snow in March and April.

The 1980-81 season was the first season for Blackcomb. Due to adverse weather conditions (warm temperatures and rain) our snowfall was 1/3 of the normal snowfall and this was reflected in lower than expected skier visits.

Heavy rains during Christmas holiday period cut off air and road access to our resort from major centers. Lost 86 percent of our Chirstmas bookings. December 26, traditionally our biggest day, was one of our lowest in 80/81 season. After the snows of January remainder of season from February on was good.

APPENDIX A

LIST OF SKI AREAS RESPONDING TO THE NATIONAL SKI AREAS ASSOCIATION ANNUAL ECONOMIC SURVEY, 1980-81 SEASON

This list consists of the 121 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by region.

East

Attitash Ski Area
Rt. 302
Bartlett, New Hampshire 03812

Blue Mountain Resorts and B. M. Peaks
R.R. No. 3
Collingwood, Ontario
Canada L9Y 3Z2

Bretton Woods Ski Resort
Route 302
Bretton Woods, New Hampshire 03575

Bromley, Inc.
P.O. Box 1130
Manchester Center, Vermont 05255

Bryce Resort
P.O. Box 3
Basye, Virginia 22810

Butternut Basin
Gt. Barrington, Massachusetts 01230

Camelback Ski Corporation
Box 168
Tannersville, Pennsylvania 18372

Cataloochee Ski Area
Rt. 1, Box 500
Maggie Valley, North Carolina 28751

Elk Mountain Ski Center, Inc.
R. D. No. 1, Box 258
Union Dale, Pennsylvania 18470

Gunstock Area
P.O. Box 336
Laconia, New Hampshire 03246

Hidden Valley Highlands Ski Club
Group Box No. 74, R.R. No. 4
Huntsville, Ontario
Canada P0A 1K0

Holiday Valley Ski Resort
P.O. Box A, Holiday Valley Road
Ellicottville, New York 14731

Jay Peak Ski Area
Route 242
Jay, Vermont 05859

Jiminy Peak, Inc.
Corey Road
Hancock, Massachusetts 01237

Killington Ski Area
Killington Road
Killington, Vermont 05751

King Ridge
RFD
New London, New Hampshire 03257

Kissing Bridge Corporation
Route 240
Glenwood, New York 14069

Loon Mountain Recreation Corp.
Lincoln, New Hampshire 03251

Lost Valley Ski Area
Lost Valley Road, P.O. Box 260
Auburn, Maine 04210

Mt. Mansfield Company, Inc.
R.R. No. 1
Stowe, Vermont 05672

Mt. Snow Ski Resort
Mount Snow (West Dover), Vermont 05356

Mt. Sunapee
Mt. Sunapee, New Hampshire 03772

Station Touristique Du Mont-Tremblant, Inc.
Mont-Tremblant, Quebec
Canada J0T 1Z0

Okemo Mt., Inc.
R.F.D. 1
Ludlow, Vermont 05149

Otis Ridge Ski Center
P.O. Box 128
Otis, Massachusetts 01253

Peek'n Peak Recreation, Inc.
Ye Olde Road
Clymer, New York 14724

Scaly Mountain Ski Area
P.O. Box 80
Scaly Mountain, North Carolina 28775

Ski Hickory Hill, Inc.
Box 9004
Schenectady, New York 12309

Ski Liberty
Box D
Fairfield, Pennsylvania 17320

Ski Roundtop
R. D. No. 1, Box 256
Lewisberry, Pennsylvania 17339

Ski Sundown, Inc.
Ratlum Rd., P.O. Box 208
New Hartford, Connecticut 06057

Snowshoe
P.O. Box 10
Snowshoe, West Virginia 26209

The Stratton Corporation
Stratton Mountain, Vermont 05155

Sugarloaf/USA
Carrabassett Valley
Kingfield, Maine 04947

Swain Ski Center
Main Street
Swain, New York 14884

Temple Mountain
Rt. 101
Peterboro, New Hampshire 03458

Waterville Valley Ski Area
Waterville Valley, New Hampshire 03223

Wildcat Mountain
Pinkham Notch
Jackson, New Hampshire 03846

Midwest

Indianhead Mountain
Indianhead Mountain Road
Wakefield, Michigan 49968

Lutsen Mountains
Box 86
Lutsen, Minnesota 55612

Mt. Brighton Ski Area
4141 Bauer Rd.
Brighton, Michigan 48116

Nashville Alps Ski Resort
R. R. No. 1, Box 398-A
Nashville, Indiana 47448

Paoli Peaks, Inc.
P.O. Box 67
Paoli, Indiana 47454

Pine Mountain
Pine Mountain Rd., Rte. 2
Iron Mountain, Michigan 49801

Rib Mtn. Lodge & Ski Corp.
Wausau, Wisconsin 54401

Skyline Ski Area
Route No. 1, Box 1708
Grayling, Michigan 49738

Snow Trails Ski Area
P.O. Box 163
Mansfield, Ohio 44901

Sugar Hills Lodge
Box 369
Grand Rapids, Minnesota 55744

Telemark Ski Area
Telemark Road
Cable, Wisconsin 54821

Val Chatel Ski Resort
Park Rapids, Minnesota 56470

Whitecap Mountain Recreation, Inc.
P.O. Box D
Montreal, Wisconsin 54550

Wilmot Mountain, Inc.
Box 177
Wilmot, Wisconsin 53192

Rocky Mountain

Alta
Alta, Utah 84092

Angel Fire Ski Area
P.O. Drawer B
Angel Fire, New Mexico 87710

Arizona Snow Bowl
P.O. Box 158
Flagstaff, Arizona 86002

Aspen Mountain
P.O. Box 1248
Aspen, Colorado 81611

Beaver Creek
P.O. Drawer A
Avon, Colorado 81620

The Big Mountain
P.O. Box 1215
Whitefish, Montana 59937

Bogus Basin
2405 Bogus Basin Road
Boise, Idaho 83702

Breckenridge
P.O. Box 1058
Breckenridge, Colorado 80424

Bridger Bowl
15795 Bridger Canyon Road
Bozeman, Montana 59715

Buttermilk
P.O. Box 1248
Aspen, Colorado 81611

Copper Mountain Corporation
1050 17th Street, Suite 2526
Denver, Colorado 80265

Crested Butte Mountain Resort, Inc.
P.O. Box 528 - Gothic County Road
Crested Butte, Colorado 81224

Discovery Basin
Box 450
Anaconda, Montana 59711

Grand Targhee Resort
12 Miles East of Driggs
Driggs, Idaho 83422

Hidden Valley Ski Area
P.O. Box 98
Estes Park, Colorado 80517

Jackson Hole Ski Corporation
P.O. Box 290
Teton Village, Wyoming 83025

Lake Eldora Corporation
P.O. Box 430
Nederland, Colorado 80466

Loveland Basin Ski Areas
P.O. Box 899
Georgetown, Colorado 80444

Marshall Mountain Ski Area
5250 Marshall Canyon Rd.
Missoula, Montana 59802

Monarch Ski Area
Monarch Recreation Corporation
Garfield, Colorado 81227

Park City Ski Area
P.O. Box 39
Park City, Utah 84060

Powder Mountain, Inc.
Box 110
Eden, Utah 84310

Powderhorn Ski Corporation
P.O. Box 1826
Grand Junction, Colorado 81502

Purgatory (Durango Ski Corporation)
P.O. Box 666
Durango, Colorado 81301

Red Lodge Mountain
P.O. Box Drawer R
Red Lodge, Montana 59068

Sandia Peak Ski Company
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Santa Fe Ski Area
P.O. Box 2287
Santa Fe, New Mexico 87501

Showdown Ski Area
Box 92
Neihart, Montana 59465

Sipapu Ski Area
Rt. Box 29
Vadito, New Mexico 87579

Ski Sunlight
P.O. Box 1061
Glenwood Springs, Colorado 81601

Snowbasin
P.O. Box 200
Huntsville, Utah 84317

Snowmass
P.O. Box 1248
Aspen, Colorado 81611

Solitude Ski Resort Company
P.O. Box 17315
Salt Lake City, Utah 84117

Steamboat Ski Area
P.O. Box 771178
Steamboat Springs, Colorado 80477

Taos Ski Valley, Inc.
Taos Ski Valley
Taos, New Mexico 87571

Telluride Ski Resort
P.O. Box 307, 210 W. Colorado Ave.
Telluride, Colorado 81435

Vail
P.O. Box 7
Vail, Colorado 81658

Winter Park Recreational Association
P.O. Box 36
Winter Park, Colorado 80482

Wolf Creek
Box 1036
Pagosa Springs, Colorado 81147

West

Alpine Meadows
P.O. Box AM
Tahoe City, California 95730

Anthony Lakes
P.O. Box 89
North Powder, Oregon 97867

Apex Alpine Recreations Ltd.
Box 486
Penticton, B.C.
Canada V2A 6K9

Blackcomb Skiing Enterprises,
A Division of Fortress Mountain Resorts Ltd.
P.O. Box 98
Whistler, B.C.
Canada V0N 1B0

Dodge Ridge Corporation
P.O. Box 1188
Pinecrest, California 95364

49° North
Box 166
Chewelah, Washington 99109

Heavenly Valley Ski Area
P.O. Box 2180
Stateline, Nevada 89449

Kimberley Ski Resort
Box 40
Kimberley, B.C.
Canada V1A 2Y5

Kirkwood Ski Resort
P.O. Box 1
Kirkwood, California 95646

Lee Canyon Ski Area
1552 Winwood Street
Las Vegas, Nevada 89108

Mammoth Mountain Ski Area
P.O. Box 24
Mammoth Lakes, California 93546

Mission Ridge
P.O. Box 1765
Wenatchee, Washington 98801

Mt. Bachelor, Inc.
P.O. Box 1031, 335 SW Century Dr.
Bend, Oregon 97709

Mt. Hood Meadows
P.O. Box 47
Mt. Hood, Oregon 97041

Mt. Reba Inc.
P.O. Box 5038
Bear Valley, California 95223

Mt. Rose Ski Resort
P.O. Box 2406
Reno, Nevada 89505

Mt. Waterman Ski Lift, Inc.
817 Lynnhaven Lane
La Canada, California 91011

Multorpor Ski Bowl
P.O. Box 87
Government Camp, Oregon 97028

Northstar-At-Tahoe
P.O. Box 129 (Northstar Drive at Highway 267)
Truckee, California 95734

Plumas-Eureka Ski Bowl
c/o Plumas Ski Club, P.O. Box 85
Quincy, California 95971

Schweitzer, Inc.
P.O. Box 815
Sandpoint, Idaho 83864

Sierra Ski Ranch
Twin Bridges, California 95735

Silver Star Ski Area
P.O. Box 1720
Vernon, B.C.
Canada V1T 8C3

Ski Acres/Snoqualmie Summit
3010 77th Ave. S.E., No. 201
Mercer Island, Washington 98040

Ski Incline
P.O. Drawer AL
Incline Village, Nevada 89450

Snow Summit Ski Corporation
P.O. Box 77
Big Bear Lake, California 92315

Squaw Valley USA
P.O. Box 2007
Olympic Valley, California 95730

Stevens Pass, Inc.
P.O. Box 98
Leavenworth, Washington 98826

Timberline Lodge
General Delivery
Government Camp, Oregon 97028

Whitewater
P.O. Box 60
Nelson, B.C.
Canada V1L 5P7

APPENDIX B

National Ski Areas Association
Annual Economic Survey
1980-81 Season

PLEASE RETURN BY AUGUST 15, 1981

This questionnaire represents the thirteenth economic survey of North American Ski Areas. The response in 1979-80 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data must include the 1980 summer season and the winter season 1980-81—an entire 12-month period. If you wish to send us a copy of your financial statement we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data—please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area _____ Telephone _____

Address _____

City _____ State _____ Zip Code _____

Fiscal Year: _____ 19 _____ to _____ 19 _____

Person to contact if further information is required _____

Telephone number where contact person can be reached during September and October _____

Person to whom the final report should be sent _____

_____

GENERAL INFORMATION (For Classification Purposes)

1. Ski lift data that you provided in previous surveys is stored on punched cards. If you provided this data previously list only new lifts added and old lifts retired or rebuilt to different capacities.

(If no changes, please give 1979-80 VTF/Hr total: _____)

A	B	C	D	E
Lift Type (Please list each lift separately)	**Year Lift First Operated**	**Vertical Drop**	**Uphill Capacity in Skiers/Hour**	**VTF/Hour (C×D)**
			Total Area Vertical Transport Feet/Hour	

2. Year of first operation _____

3. Does your ski area have snowmaking?
( ) Yes ( ) No

How many hours did you operate snowmaking equipment in 1980-81? _____ **Hours**

4. What is the total number of skiable acres at your ski area:

a) Total skiable acres of slopes and trails: _____ acres
b) Acres covered with snowmaking equipment: _____ acres
c) Acres under lights for night skiing: _____ acres

5. Classification of your ski area — choose one. (See **Definitions 8, 9, 10, and 11.**)
( ) Day Skier Area ( ) Weekend Skier Area
( ) Vacation Skier Area ( ) Weekend Only Area

6. We are seeking an absolute measure of growth in usage. Skier-visits is the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (See **Definition 12.**)

1980-81	_____	skier-visits
1979-80	_____	skier-visits
1978-79	_____	skier-visits
1977-78	_____	skier-visits
1976-77	_____	skier-visits

7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Would you please provide us with the following data?

a) Your peak crowd in 1980-81: _____ skiers at one time
b) Your estimate of your "design" *day* time skier capacity in 1980-81: _____ skiers at one time
1) Number of days when all trails were open and skiable, and you could handle a full crowd: _____ days
2) Number of days when at least half your ski area was open and skiable, but not all, and you could handle less than your "design" crowd: _____ days
3) Number of days when less than half of your ski area was open and skiable, and you could handle less than half of your "design" crowd: _____ days
4) Total days of operation 1980-81: ____ days
c) If you also operate some lifts and trails at night, your estimate of your "design" *night* time skier capacity in 1980-81: _____ skiers at one time
1) Number of nights when all night lifts and trails were open and skiable and you could handle a full night time crowd: _____ nights

8. Ticket Price:

Adult Weekend All-Day Ticket	$ _____
Adult Weekday All-Day Ticket	$ _____
Night Ticket Price	$ _____
Season Ticket Price	$ _____

9. Proximity to metropolitan area (SMSA) in miles. (See **Definition 13.**)
( ) 0-24 ( ) 25-49 ( ) 50-74 ( ) 75-99
( ) 100 or More

10. How many ski areas are within 1 hour's driving time of your area:
( ) 0 ( ) 1 ( ) 2-3 ( ) 4-5 ( ) 6 or More

11. Percentage of your terrain in the following categories:

Beginner _____ %

Intermediate _____ %

Expert _____ %

12. Lodging available to ski patrons:

Number of beds at your base area _____

Number of beds within 10 miles of your base area *(including beds at base)* _____

13. Other activities available at your area:

	Yes	No
Toboggan or Sleds	( )	( )
Snowmobile	( )	( )
Skating	( )	( )
Ski Touring	( )	( )
Golf	( )	( )
Tennis	( )	( )
Swimming	( )	( )
Water Sports	( )	( )

14. Ski Area Land Ownership is:
( ) All private land
( ) Partially or wholly public land
( ) U.S.F.S. permit
( ) State land lease
( ) Canadian Government land lease
( ) Other (county, etc.)

Percent of slope transport feet **(see Definition 14)** on public land _____ %.

15. Is your area engaged in land and/or real estate development?
( ) Second home residential sites
( ) Second homes
( ) Condominium sites
( ) Condominiums
( ) Commercial sites
( ) Commercial buildings
( ) Not engaged in land development

16. Does your area have a computer?
( ) Yes ( ) No
If yes, what brand and model? _____

_____

What applications do you have on your computer?

( ) Payroll
( ) Accounts Payable
( ) Accounts Receivable
( ) Forecasting
( ) Market Research
( ) Ticket Sales
( ) Other, please specify _____

_____

_____

17. Please give us the average number of employees for each of the categories listed below:

	Lift Dept.	Ski School	Food Service	Rental Shop	Bar	Retail Store	Accom-modations	Other	Total All Operations
Average day									
Peak day									

1980-81 Itemized Income Statement for a 12-Month Period _____ 1980 Through _____ 1981
(See **Definitions 15-20**).

Winter Season Operations

	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-modations	Other[1]
Do not have:	( )	( )	( )	( )	( )	( )	( )	
Own and Operate:	( )	( )	( )	( )	( )	( )	( )	
Concession:	( )	( )	( )	( )	( )	( )	( )	
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue — Gross Sales or Concession Income	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
	.....	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
Less: Direct Expenses								
(A) Cost-of-Goods-Sold	.....	.....	$ _____	$ _____	$ _____	$ _____[4]	.....	$ _____
(B) Direct Labor	$ _____*	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
(C) Other Direct[5]	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
Less: Direct Allocations:								
(D) Payroll Taxes, etc.[6]								
(E) Property Operation[7]								
(F) _____								
Equals: GROSS MARGIN:	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____

* Detail Lift Department

	(000)
Direct Labor: Lift	$ _____
Ski Patrol	$ _____
Slope Maintenance	$ _____
Maintenance and Repair	$ _____
Ticket Sales	$ _____
Other	$ _____

[1]Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.

[2]The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.

[3]Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.

[4]Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.

[5]Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.

[6]Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc.; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.

[7]Property Operation to include utilities (except snowmaking power), fuel, gas and oil, vehicle repairs and maintenance, building repairs and maintenance, parking lot operation, grounds maintenance, waste disposal, janitorial, security, heat-light and power; may be allocated by department or grouped under annual totals in accordance with your accounting treatment.

18. Will you please provide us with comments on your 1980-81 season? What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1980-81 season? (Please use an additional sheet if necessary.)

_____

_____

_____

_____

Year Round Operations			Summer Season Operations						
Real Estate	Utility[2] Dept.	Misc.[3]	Lift Dept.	Food Service	Retail Store	Sports Dept.	Accom-modations	Summer Slide	ANNUAL TOTALS
( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )		
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
$ _____	.....	$ _____	.....	$ _____	$ _____	.....	.....	$ _____	$ _____
$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____
									$ _____[6]
									$ _____[7]
									$ _____
$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____	$ _____

Less: Common Expenses:

(A) General and Administrative ..... $ _____

(B) Marketing (Adv.; Pub.; Pro.; P.R.; etc.) ..... $ _____

(C) Insurance: (1) Property (Fire, Theft, etc.) ..... $ _____

(2) Liability ..... $ _____

(D) Land use fees (1) Public Land Lease ..... $ _____

(2) Private Land Lease ..... $ _____

(E) Taxes (Except Income taxes)

(1) Property Taxes ..... $ _____

(2) Other Taxes ..... $ _____

(F) Snowmaking: (1) Labor ..... $ _____

(2) Power/Fuel ..... $ _____

(3) Maintenance ..... $ _____

(4) Other (Water, etc.) ..... $ _____

(G) Snow removal ..... $ _____

(H) Miscellaneous ..... $ _____

(I) Depreciation and Amortization ..... $ _____

OPERATING PROFIT (LOSS) ..... $ _____

Less: Interest Expense ..... $ _____

PROFIT (LOSS) Before Income Taxes ..... $ _____

Balance Sheet Information (as of _____ 1981)
(See **Definitions 21-29**)

Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

(Round to Nearest $1,000)

	1981
Assets	
a. Current Assets	$ _____
b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations)	_____
c. Less Accumulated Depreciation	(_____)
d. Other Assets (Including Land Held for Resale and Overnight Accommodations)	_____
TOTAL ASSETS	$ _____ *
Liabilities and Net Worth	
e. Current Liabilities	$ _____
f. Long Term Debt	
1. Senior Long Term Debt (Secured by Mortgages, Chattels, etc.)	_____
2. Subordinated Debt	_____
g. Deferred Taxes	_____
h. Other Liabilities	_____
i. Net Worth	
1. Invested Capital	_____
2. Retained Earnings (Loss)	_____
TOTAL LIABILITIES AND NET WORTH	$ _____ *

*Please make sure that these two figures are the same.

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

_____

_____

_____

Thank you for your cooperation

Please return the questionnaire to:
Business Research Division
University of Colorado
Campus Box 420
Boulder, Colorado 80309

APPENDIX C

DEFINITION OF TERMS

The definitions of terms utilized throughout the report were developed primarily by the National Ski Area Association's Economic Study Committee. Definitions are given below together with a brief explanation of the usage of the information.

1. Season–the inclusive months during which a ski area is open each season.

2. Fiscal Year–the month in which an area closes its books.

3. Type of Lifts–for purposes of this study are categorized as surface, chair, or gondola.

4. Year Lift First Operated–year when the lifts were first installed and operated. Provides a rough measure of capital investment in the industry over time.

5. Vertical Drop–the vertical distance from the top to the bottom of the slope for a particular lift.

6. Uphill Capacity–the manufacturers rated number of skiers per hour a lift can transport to the top of the slope. An area's capacity is the sum of the individual lifts.

7. VTF/Hour (Vertical Transport Feet Per Hour)–the product of the vertical drop of a lift times the lift manufacturers rated skiers per hour capacity.

8. Day Skier Area–area at which overnight, dining and after-ski facilities are limited since the area primarily serves a day skier market.

9. Weekend Skier Area–area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend.

10. Vacation Skier Area–area which primarily serves the skier who stays longer than a weekend.

11. Weekend Only Area–area which is open only on weekends.

12. Skier-Visit–one person visiting a ski area for all or any part of a day or night for the purpose of skiing. This is the total number of lift tickets issued. Skier-visits include full-day, half-day, night, complimentary, adult, child, season and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier-visits are computed from these sources. Each ticket sold for night skiing is included as a skier-visit. Skier-visits is an actual count and includes season ticket use.

13. Standard Metropolitan Statistical Area (SMSA)–an incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).

14. Slope Transport Feet–a method for prorating winter-sport uphill facility capacity on the basis of land ownership. The multiplication of (1) the capacity of each lift times (2) the slope distance traveled by that lift through each ownership (private or U.S. Forest Service). These factors are added for each ownership and the percentage they bear to the total is determined. The resulting percentages reflect by ownership the weighted capacity of the lifts.

15. Revenue–the total revenue derived from ski area operations including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate. It also includes concession income from leased operations.

16. Direct Labor–total employees' salaries and wages.

17. Other Direct Expense–any other costs directly related to the particular activity (excluding depreciation).

18. Gross Margin–the revenue available to cover other expenses after direct expenses have been deducted.

19. Insurance–includes both insurance premiums and self-insured losses or deductible losses paid during the twelve month period.

20. Profit (Loss) Before Income Tax–net income derived from all area operations after direct and other expenses have been deducted from total revenue.

21. Current Assets–assets such as cash, inventories, prepaid expenses, accounts receivable, or other items which will convert to cash in the normal course of business within one year.

22. Gross Fixed Assets (GFA)–the total of the original undepreciated cost (not present value) of the improvements and fixtures plus the cost of equipment necessary to generate sales and other income such as day buildings, lifts, equipment, investment in trails, parking, etc., less cost of equipment disposed of. Fixed assets are shown at original cost including additions, but prior to any allowances for depreciation and/or amortization.

23. Depreciation–the cumulative sum of depreciation of gross fixed assets. Indicates the extent to which an area's assets have been written off. Should not include any depreciation on assets previously disposed of.

24. Other Assets–any assets other than current or gross fixed assets. Includes land held for resale as well as overnight accommodations.

25. Current Liabilities–liabilities such as accounts payable, accrued wages, accrued payroll taxes and portions of loans or long term debt due within one year.

26. Long Term Senior Debt–borrowings with repayment scheduled more than one year in the future that are secured by some claim to property or equipment in the event of non-payment.

27. Long Term Subordinated Debt–all borrowing with repayment scheduled more than one year in the future and where the lender has no claim to a specific asset upon liquidation and/or subordinated in terms of priority of payment to other creditors.

28. Invested Capital–the original ownership investment (amount received for stock, partnership or proprietorship interest), plus any new equity funds raised from sources other than earnings.

29. Retained Earnings (Loss)–cumulative earned surplus or loss from annual operations.

Economic Ratios

30. Ski Area Capacity–is defined as those numbers of skiers that a given ski area can comfortably support on the slopes, lifts and in the base and mountain warming buildings without over-crowding or those that may be accommodated at one time and still preserve a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. Ski area capacity is a judgment. In this report it is calculated by assuming a specific VTF/hour demand that varies by geographic region.

31. Operating Profit–is defined as profit before income tax and interest expense. These two expenses vary according to the capital structure and past operations history. Operating Profit is a more precise way of measuring economic variations due to operating experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.

32. Utilization–is measured in percent of capacity. Capacity is the product of a ski area's capacity times its days of operation. Utilization compares actual skier visits to calculated ceiling season capacity.

33. Capital Cost (GFA)/Capacity Ratio–is the ratio between the cost to construct the ski area and its ability to handle skiers. As such for any given point in time it is a rough measure of the site and design efficiency.

34. Operating Cost/Capacity Ratio–is the ratio between cash operating costs (excluding depreciation and interest) and the ceiling season skier capacity (ski area capacity times length of season). Note that since methods used in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments that they too are excluded from this ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in dollars per skier visit of seasonal capacity.

35. Total Revenue Per Skier Visit--is the gross dollars actually received from each skier for each visit from ski lifts ticket sales, plus the net margin from each supporting activity. It is calculated by dividing total revenue by actual skier visits.

36. Days/nights of Operation--is measured in "equivalent" days/nights where full weight is given to days and nights where all facilities are open; 75 percent to days where less than full but more than one-half of the mountain is open and skiable; and 25 percent to days where less than half of the mountain is open and skiable.

APPENDIX D

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